

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Housing

SALARIES AND EXPENSES

(Dollars in Thousands)

	2020*	2021			2022		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
Personnel Services	\$368,120	\$1,544	\$388,219	\$389,763	\$300	\$425,019	\$425,319
Non-Personnel Services							
Travel	1,141	-	1,209	1,209	-	4,000	4,000
Rent and Utilities	2	-	5	5	-	5	5
Printing	5	-	5	5	-	15	15
Other Services/Contracts	3,504	-	2,541	2,541	-	3,300	3,300
Training	947	300	1,576	1,876	200	2,280	2,480
Supplies	92	-	64	64	-	100	100
Claims and Indemnities	-	-	300	300	-	100	100
Total, Non-Personnel Services	\$5,691	\$300	\$5,700	\$6,000	\$200	\$9,800	\$10,000
Working Capital Fund	13,263	7,287	6,175	13,462	3,600	17,481	21,081
Carryover	9,131	-	4,100	4,100	-	-	-
Grand Total	\$396,205	\$9,131	\$404,194	\$413,325	\$4,100	\$452,300	\$456,400
FTEs	2,372	10	2,460	2,470	2	2,593	2,595

*Includes 2019 Carryover.

PROGRAM PURPOSE

The Office of Housing plays a vital role for the nation's homebuyers, homeowners, renters, and communities through its nationally administered programs. It includes the Federal Housing Administration (FHA), the largest mortgage insurer in the world, and regulates housing activities within the industry. The Office of Housing, through its FHA insurance programs, plays a countercyclical role in the market, including playing a key role in supporting the nation's recovery from the COVID-19 pandemic.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in the Office of Housing's salaries and expenses will assist in ensuring that work is able to be done.

BUDGET OVERVIEW

The 2022 President's Budget requests \$452.3 million for the Office of Housing, \$48.1 million more than the 2021 enacted level. The Budget reflects total funding (carryover and new authority) of \$456.4 million, \$43.1 million above 2021 total funding. This funding will provide essential staff to effectively manage subsidized and insured properties and protect the housing safety net for millions of families nationwide. The funding will also ensure the Office of Housing will have the capacity to

accomplish its mission of providing affordable housing and strengthening the national mortgage insurance market.

Personnel Services (PS)

The Budget assumes total funding of \$425.3 million to support 2,595 full-time equivalents (FTEs). The Budget represents an increase of \$35.6 million and 125 FTEs over 2021 total funding. The Budget provides the funding required to hire and retain critical staff who will be engaged in strengthening and broadening the Federal housing safety net for people in need, advancing housing equity as a means to improve housing choices and greater economic opportunity, and increasing the production of, and access to, affordable housing. The Budget also supports the hiring of staff for increased demands due to the COVID-19 pandemic.

The current structure within the Office of Housing allocates 970 FTEs in headquarters and 1,500 FTEs in the field. The requested FTEs would increase the headquarters staffing levels by 55 and the field offices by 70. The additional FTEs will reduce our current backlogs, exacerbated by the COVID-19 pandemic, and generate a reduction of the processing time for FHA multifamily applications, single family claims, asset sales, and contract assignments/transfers. The Office of Housing's Budget request represents proportional increases across the seven internal program and support offices, all of which have specific missions supporting the overall HUD mission of providing affordable housing to underserved communities.

Multifamily Housing

The Office of Multifamily Housing requires additional FTEs to provide essential staff to effectively manage subsidized and insured properties and protect the housing safety net for millions of families nationwide. Additional staff will facilitate the rising demand for FHA Multifamily insurance in the recovering housing market and support the production and preservation of affordable housing units for historically underserved individuals and communities. The additional FTEs will also support increasing disaster response and recovery work, new Section 202 and Section 811 capital advance awards, and the administration's efforts to improve sustainability, energy efficiency, and broadband access in underserved communities across the country. Under the Multifamily Asset Management purview, staff will oversee an estimated 30,800 properties in 2022, an increase of 6 percent from 2021. The Multifamily Production Office has seen a significant increase in the volume of applications submitted, which is expected to continue for the next several years in the wake of COVID-19's impact on the nation's economy.

The request for the additional FTEs will allow Multifamily to hire additional Account Executives, Asset Resolution Specialists, Funding Specialists, Underwriters/Underwriter Analysts, Closing Coordinators, Construction Analysts, Appraisers, Program Analysts and Assistants, and Financial, Management and Program Analysts. The increased staff will bring Multifamily up to the recommended level to reduce the number of applications that are currently in the pipeline for FHA Multifamily production and keep pace with the increased portfolio resulting from current economic conditions.

Single Family Housing

Single Family requires additional Housing Specialists, covering various locations, to monitor and produce the drafting, editing and issuance of FHA policy which will be critical for supporting equitable and sustainable homeownership, and to provide additional support to the Office of Lender Activity's Quality Assurance Division. Additional Underwriters and Appraisers are needed to support condo reviews, provide clarity on, and help interpret FHA policies and operations, and maintain the required appraisal reviews. Analysts are needed to support FHA's Information Technology (IT) Modernization project, to provide critical operational, analytical, and reporting

expertise needed to operate the Resource Center, and to support the work performed within the National Servicing Center (NSC) and other Program Development areas. This work entails functions that are paramount to ensuring FHA origination and servicing trends are identified in a timely manner to help inform risk management activities and will be utilized to formulate future FHA policy and operational changes when needed to mitigate unnecessary risks within the insured portfolio.

Finance and Budget

Finance and Budget (FAB) requires additional analysts to support workload requirements in budget, note assets, accounting, claims payments, premiums collections processing, and FHA business systems ownership functions. Permanent staff will be hired to support the processing of the growing number of FHA Single Family claims for insurance benefits from FHA-approved lenders, especially as we continue to cope with the global pandemic. In the premiums processing area, as the Administration executes its policies to create additional affordable homeownership opportunities, additional staff will be hired to absorb volume in premium collections and processing as endorsement increases. Project Managers will be needed to meet the Office of the Chief Procurement Officer's (OCPO) requirements in support of FAB's portfolio of contracts. Several accountants with backgrounds in systems accounting will be hired to analyze and reconcile complex transactions from system interfaces, A-123 internal control requirements and implementation, and financial statement preparation. Additional analysts are also needed to support the authority to operate the primary accounting and subsidiary systems. And finally, additional FTEs will be needed to support notes sales as a disposition option to help curtail further losses against the FHA Mortgage Mutual Insurance (MMI) fund.

Housing Operations

Housing Operations requires additional FTEs to perform program and project management (P/PM) duties required by a new policy that was implemented by the Office of the Chief Procurement Officer. The new policy requires the appointment of a P/PM for all acquisition programs and projects regardless of complexity or dollar value. The P/PMs will lead and manage the acquisition process from the definition of requirements through the close out of the resulting contract. The additional procurement staff will directly support Housing Operations' efforts to support FHA's \$1.3 trillion insurance portfolio and over \$13 billion rental assistance program.

Housing Counseling

Office of Housing Counseling (OHC) requires additional Housing Program Specialists who will ensure the certification of housing counselors, as well as internal training of staff and approval of housing counseling intermediaries. In addition, they will continue to monitor and oversee housing counseling intermediaries, agencies, nonprofits, and program grantees. Staff support is also needed to ensure accurate and efficient operation of the Office, and that official correspondence is appropriately addressed and tracked. An FTE is required to document the extent of the COVID-19 National Emergency, monitor trends, and report on the impact of HUD Housing Counseling Agencies. In addition to program evaluations, data collection, and research in collaboration with the Office of the DAS and other OHC Offices related to the national health emergency, this position closely monitors eviction prevention, sustainable homeownership, scams, and financial health. Due to OHCs critical role in crisis response and loss mitigation management, these FTEs will be critical in facilitating FHA's response to the pandemic.

Healthcare Programs

Healthcare Programs require additional FTEs for the Office of Residential Care Facilities (ORCF) to successfully meet current and expected human resource needs in serving, underwriting, and closing

loans to mitigate risks. To effectively service the Section 232 portfolio, the number of loans assigned to an Account Executive (AE) for servicing should not exceed 75 loans. Currently, AEs are servicing between 80 and 123 loans per AE. AEs should be servicing a maximum of 30 troubled assets; however, they are servicing up to 50 assets each. The additional FTEs will reduce the servicing time by 35 percent. Similarly, ORCF's underwriting and closing requirements have substantially increased. COVID-19 is expected to have long term impacts to healthcare facilities, therefore increasing the complexity of underwriting and closing Section 232 loans. The requested FTEs will reduce the current backlog of applications and prevent creating additional backlog.

Office of Risk Management and Regulatory Affairs

The Office of Risk Management and Regulatory Affairs (ORMRA) requires additional FTEs to support financial, data, credit, and enterprise risk. Although baseline tasks and ad hoc initiatives in ORMRA have increased in recent years, the FTE ceiling has remained at the same level. The current staffing levels create numerous critical personnel dependencies, exposing ORMRA to staff turnover and an inability to respond timely and thoroughly to competing demands. Having an adequate and experienced staff is critical to maintaining and strengthening HUD's internal institutional capacity to deliver on mission, and the requested FTEs will place the program office in a position to complete this mission successfully. Additionally, ORMRA will be critical in assisting the Administration by analyzing, modeling, and assessing potential policies that can adequately address FHA's role in helping the nation recover from the pandemic.

Non-Personnel Services (NPS)

The Budget assumes \$10 million in total funding for Non-Personnel Services. This request primarily supports travel, contracts, and training and represents an increase of \$4 million from the 2021 total funding level. Increased travel is anticipated in 2022 as COVID-19 vaccines are administered and travel restrictions are lifted. Training will also increase due to the expanded number of FTEs. The average cost for travel and training per FTE is anticipated to be \$2,400, allowing for mandatory certification training, developmental training to improve the efficiency and skills of the workforce, critical travel for inspections, housing counseling onsite reviews, program compliance and oversight, and portfolio reviews.

Working Capital Fund (WCF)

The Budget assumes \$21.1 million in total funding to support Working Capital Fund (WCF) fees for its use of shared services. This is a \$7.6 million increase from 2021 total funding. The increase is primarily attributed to the addition of end-user IT devices and wireless support, and due to \$2 million of 2021 WCF fees that were forwarded funded in 2020.

KEY OPERATIONAL INITIATIVES

The 2022 Budget proposes two key operational initiatives. The first is increased human capital resources across the Office of Housing to advance housing equity as a means of improving housing choices and greater economic opportunity, strengthen HUD's internal institutional capacity to deliver on mission, and increase the production of, and access to, affordable housing. The second initiative is restructuring of the Office of Risk Management and Regulatory Affairs by removing the Office Manufactured Housing and establishing this Office as a standalone organization reporting directly to the Office of the Assistant Secretary for Housing-FHA Commissioner.

The Budget provides additional FTEs to support HUD's overall strategic goal of advancing housing equity as a means for improving housing choices and greater economic opportunity. The principal challenge to achieving this goal is the ability to resource, hire, and retain staff with appropriate skill

sets. The Office of Multifamily Housing Programs is requesting additional funding to support the administration of the Supportive Housing for the Elderly (Section 202) and Supportive Housing for Persons with Disabilities (Section 811) capital advance funding, and increased site visits. The Office of Housing Counseling is requesting additional funding to perform onsite operational reviews of HUD-approved housing counseling agencies.

The Office of Housing is working diligently to address the effects of the COVID-19 pandemic. Due to both increased origination volume and elevated delinquency rates, Housing requires highly trained Underwriters, Appraisers, and Quality Assurance Specialists to engage in critical origination and servicing program oversight. Further assistance in processing claims in the Mutual Mortgage Insurance Fund necessitate additional FTEs within the Office of Single Family Housing Programs, Office of Housing Counseling, and Office of Risk Management and Regulatory Affairs.

Multifamily Housing production has increased dramatically in the past year, and the escalated level of business is expected to continue based on economic circumstances through 2022. The heightened loan volume not only strains staff resources with the initial processing of applications, but also with the asset management and compliance responsibilities that follow in subsequent years to protect tenants and preserve these vital affordable housing resources. Reacting to this increase by providing additional FTEs will be critical in advancing the administration's goal for improving sustainable housing equity going forward.

The Office of Manufactured Housing Programs (OMHP) is currently aligned within the Office of Risk Management and Regulatory Affairs. OMHP's mission is to protect the quality, durability, safety, and affordability of manufactured homes. While manufactured housing serves all sectors of the population, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, and elderly households with fixed incomes. Per the Manufactured Housing Institute's "2018 Manufactured Housing Facts Industry Overview," in 2017 and 2018 manufactured housing accounted for 10 percent of all new single-family home starts in America, and manufactured homes sold for an average new home sales price of \$70,600, making it an affordable option for first-time homebuyers. According to data published by the Manufactured Housing Institute, 84 percent of households earn less than \$50,000 annually. OMHP would be more appropriately located within the Office of the Assistant Secretary for Housing-FHA Commissioner. This proposed office structure allows for more direct collaboration between the Office's director and the Assistant Secretary as the organization and the Administration works to expand affordable housing options while formulation and guiding policies to protect consumers who reside in manufactured homes. Accordingly, within the Office of Housing-FHA Commissioner, plans are underway for changes in execution and program administration within this office via a restructure. The plan will reflect staffing and organizational changes to the programs; moving from a component office to reporting directly to the Office of the Assistant Secretary for Housing – FHA Commissioner.