

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Public Housing Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	7,418,894	93,093	685,000	8,196,987 ^{a/}	7,571,483	6,800,000
2021 Appropriation ^{b/}	7,806,000	518,444	-	8,324,444 ^{c/}	7,687,000	8,115,000 ^{e/}
2022 President's Budget	8,575,000	(151,000)	-	8,424,000 ^{d/}	8,424,000	7,577,000 ^{e/}
Change from 2021	769,000	(669,444)	-	99,556	737,000	2,025,000

a/ Carryover and Total resources for fiscal year 2020 are shown to reflect combined funding provided under the Public Housing Capital Fund and Operating Fund Program accounts. This amount is net of \$93 million transferred from both accounts for subsidy payments for units converting under the Rental Assistance Demonstration (RAD).

b/ FY 2021 Appropriations Act combined the Public Housing Capital Fund and the Public Housing Operating Fund into the new Public Housing Fund. Carryover represents amounts remaining in the previously appropriated accounts.

c/ Carryover and Total Resources for fiscal year 2021 are shown net of \$119 million transferred for RAD.

d/ Carryover and Total Resources for fiscal year 2022 are shown net of \$151 million transferred for RAD.

e/ Includes outlays from Public Housing Operating Fund and Public Housing Capital Fund.

PROGRAM PURPOSE

The Public Housing Fund supports the Public Housing program by providing Federal grants necessary for Public Housing Agencies (PHAs) to operate, maintain, and make capital improvements to approximately 960,000 affordable public housing units in 2022, serving nearly 1.8 million residents. The public housing stock serves an important role in the nation's housing market, ensuring housing for some of the Nation's most vulnerable families. Local administration of Federal grant funds allows communities the enhanced flexibility to tailor public housing to suit local needs including establishing admission preferences for the elderly, disabled, and homeless persons, as well as the working poor.

BUDGET OVERVIEW

The 2022 President's Budget requests \$8.6 billion for the Public Housing Fund, which is \$769 million more than the 2021 enacted level. The Budget request supports the following activities:

- \$8.1 billion for Public Housing Fund grants, of which approximately \$4.9 billion is distributed based on the Public Housing Operating Fund formula and \$3.2 billion is distributed based on the Public Housing Capital Fund formula;
- \$25 million for Housing Health Hazards;
- \$25 million for Lead-Based Paint Hazards;
- \$20 million for Emergency and Disasters grants;
- \$20 million for Safety and Security grants;
- \$45 million for Receivership, Troubled and High-Risk PHAs;
- \$30 million for Operating Shortfall Prevention;
- \$23 million for Financial and Physical Assessment Support; and
- \$300 million for energy efficiency and climate resilience, of which \$245 million is intended for the Public Housing Rapid Return Utility Conservation and Climate Resilience Program and

\$55 million for innovations to reduce energy and water consumption, including new approaches to the Energy Performance Contracts program.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget includes \$800 million to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income communities, the very communities served by HUD programs. HUD's Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 4.5 million units of public and assisted housing (mitigation), and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the "Climate Initiative" justification for more details.

JUSTIFICATION

The Public Housing Fund provides payments to nearly 3,000 PHAs for the operation, management, maintenance, and capital needs of publicly owned affordable rental housing throughout the United States and its territories. The Public Housing Fund is to be allocated as grants to support operations awarded pursuant to Section 9(e) of the United States Housing Act of 1937 and grants to support capital needs awarded pursuant to Section 9(d) of the Act.

The Public Housing program is a vital part of the Nation's critical infrastructure. Operating housing and investing in modernization are demonstrated economic generators. Additionally, through investments in energy conservation and climate resilience measures – both through regular modernization activities and through energy incentives like energy performance contracts and rate reduction incentives – the program supports the goal of reducing the Nation's reliance on fossil fuels and serves to reduce HUD's carbon footprint. Investing in public housing is also crucial to reversing the negative impacts of racism and discrimination in access to quality, affordable housing. Black, Latino, Native American, and Asian families make up over two-thirds of people living in public housing. Eliminating health hazards like lead and mold, improving heating and cooling systems, and upgrading building amenities like elevators and broadband access gives these families a stronger foundation for success. Finally, through regular capital investments, ongoing maintenance efforts, and strategic funding available through targeted set-asides, the Public Housing program serves to ensure that HUD and PHAs are meeting the important goal of providing a healthy and safe living environment to the families living in public housing.

The Public Housing program has long been vital to the Federal housing safety net, ensuring housing for some of the Nation's most vulnerable families. Support of the Public Housing Fund enables the preservation of deeply affordable units specifically targeted to serve low- and extremely low-income families, thus strengthening the Federal housing safety net for those in need. Private market rental costs are almost always unaffordable for families with low-, and extremely low-income families. For these families, public housing offers an affordable, stable platform to access other resources and supports to improve economic and social mobility.

Grants Awarded for Operations

Public Housing grants are the only dedicated Federal resource available to PHAs to operate and maintain the nation's public housing stock. PHA eligibility for an operating grant is based on the Operating Fund formula established through negotiated rulemaking in 2007 and codified at 24 CFR 990. This funding covers day-to-day operational expenses associated with public housing and program implementation expenses that PHAs are required to undertake under Section 9(e) of the U.S. Housing Act of 1937 and existing program regulations.

These expenses include, but are not limited to:

Public Housing Operation:

- Management and operations, including staff costs;
- Operating costs for privately owned public housing units in mixed-finance projects;
- Routine and preventative maintenance;
- Anti-crime, anti-drug, and security activities;
- Utilities costs;
- Resident supportive services, support coordinators, and participation activities; and
- Insurance.

Public Housing Program Implementation:

- Recertifications of income and household composition;
- Timely rent collection;
- Submission of annual unaudited and audited financial statements to HUD;
- Asset management over the physical and financial integrity of the program;
- Annual unit inspections;
- Planning for the long-term capital needs to maintain the viability of PHA properties; and
- Debt service incurred to finance unit rehabilitation and development.

The Budget proposes operating grants in the amount of \$4.9 billion. Funding at this level is projected to be sufficient to cover 100 percent of public housing operating expenses.

2022 OPERATING FUND BUDGET				
		Actual	Estimate	Estimate
#	Description	FY 2020	FY 2021	FY 2022
1	Non Utility Expense Level (PEL)	\$ 5,283,848,727	\$ 5,397,444,912	\$ 5,405,699,712
2	Utilities	\$ 1,560,976,038	\$ 1,485,993,980	\$ 1,465,879,094
3	Less: Tenant Income	\$ (3,271,481,768)	\$ (2,925,876,860)	\$ (3,021,559,936)
4	Public Housing Operating Fund Base (line 1-3)	\$ 3,573,342,997	\$ 3,957,562,033	\$ 3,850,018,870
5	MTW Alternative Formula Grant, PHA's not in Base	\$ 513,653,648	\$ 524,575,806	\$ 527,035,218
8	Public Housing Add-ons			
9	Elderly/Disabled Coordinators	\$ 16,189,319	\$ 16,687,950	\$ 17,195,264
10	Resident Participation	\$ 22,324,550	\$ 21,614,853	\$ 21,009,230
11	Energy-Add On for Loan Amortization	\$ 39,145,843	\$ 40,351,535	\$ 41,578,222
12	Payments in Lieu of Taxes	\$ 161,703,661	\$ 161,543,579	\$ 161,992,858
13	Cost of Independent Audit	\$ 24,977,136	\$ 25,746,432	\$ 26,529,124
14	Asset Management Fee	\$ 33,755,812	\$ 32,682,716	\$ 31,766,984
15	Information Technology Fee	\$ 22,780,598	\$ 22,056,403	\$ 21,438,408
16	Asset Repositioning Fee	\$ 54,081,150	\$ 55,746,849	\$ 57,441,553
17	Mutual Help and Turnkey Units	\$ 6,400	\$ 6,400	\$ 6,400
18	Estimated Appeals		\$ 10,000,000	\$ 10,000,000
19	Stop Loss	\$ 128,562,528	\$ 124,475,529	\$ 120,987,869
20	Subtotal: Operating Fund Base (line 4-19)	\$ 4,590,523,642	\$ 4,993,050,085	\$ 4,887,000,000

Grants awarded for Capital Needs

Public Housing grants are the primary source of funding for public housing rehabilitation and development. This Budget provides \$3.2 billion for grants to be awarded pursuant to the Capital Fund Formula enumerated at 24 CFR 905.400. This proposed amount represents a 16 percent increase above the 2021 level and approaches the estimated level (as of 2010) required to satisfy the annual accrual amount.

Eligible uses of capital grants include, but are not limited to:

- Addressing deferred maintenance needs;
- Development, financing, and rehabilitation activities;
- Vacancy reduction;
- Resident relocation;
- Programs supporting economic self-sufficiency of public housing residents;
- Resident security and safety activities;
- Homeownership activities;
- Integrated utility management and energy saving measures; and
- Debt service.

The most recent portfolio-wide Capital Needs Assessment (CNA), completed in 2010, estimated the backlog of unmet public housing capital need at approximately \$26 billion. The projected annual accrual of needs across the inventory was estimated to be at least \$3.4 billion per year on average at that time. Since the 2010 study, the Public Housing Capital Fund grant program has not been funded at the annual accrual need estimated in 2010, much less the increased need caused by inflation in construction and modernization costs over time. Although the public housing inventory has been reduced and many units have been rehabilitated since 2010, the financial impact of inflation and deferred capital investment in the public housing inventory are substantially greater than any decrease in need associated with the units that have left the inventory or have since been revitalized. HUD is currently conducting a new portfolio-wide CNA to determine an updated estimate for the unmet capital need backlog.

Public Housing grants remain essential to achieving HUD's goals related to improving the quality of public housing, increasing occupancy in public housing, decreasing energy costs, and leveraging Federal resources.

- Improving the quality of Public Housing. More than half of the nation's public housing stock was constructed prior to 1970, some as early as 1936. As a result, these units require significant rehabilitation work to bring them into a condition that is safe, decent, and sustainable.
- Increasing occupancy in Public Housing. The occupancy of public housing units has decreased to 94 percent, and HUD's goal is to improve upon that occupancy rate. HUD is focused on the challenge of preserving the availability of quality affordable rental housing in order to provide necessary housing for low-income families to improve their lives, preventing homelessness and reducing worst-case housing needs.
- Investing in Public Housing. Investing in public housing addresses racial inequities as over two-thirds of public housing residents are people of color. The Budget proposes historic investments that will reduce carbon emissions and increase the climate resilience of the public housing stock while improving indoor air quality and creating healthier and safer homes for the families that live there.
- Decreasing utility consumption and costs. As part of the Administration's whole-of-government approach to the climate crisis, the Department is improving utility conservation options through targeted set-asides to support investments in energy conservation measures, benchmarking

activities, and an EPC pilot. Public Housing grants provide PHAs with the necessary resources to increase utility conservation as they modernize their inventory.

- **Leveraging Federal resources.** Given the current Federal fiscal environment, PHAs cannot meet needs by using only Federal funds and must leverage outside investment. The Rental Assistance Demonstration (RAD) and the Capital Fund Financing Program help achieve this goal. HUD has approved approximately 196 transactions involving 253 PHAs through the Capital Fund Finance Program (CFFP). The total amount of loan and bond financing approved to date is approximately \$4.7 billion. The CFFP has evolved such that PHAs are further leveraging their Capital Fund dollars by utilizing the CFFP to obtain Low-Income Housing Tax Credits. Approximately \$2.5 billion worth of tax credits have been leveraged using CFFP funds.

The Department will use its statutory authority under the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55) to transfer amounts from the fiscal year 2022 Operating and Capital Fund grants appropriations to the Tenant-Based Rental Assistance (TBRA) and/or Project-Based Rental Assistance (PBRA) accounts to fund renewal costs for public housing units converting under RAD in calendar year 2021.

Public Housing Grants for Housing Health Hazards

This Budget proposes \$25 million in funding to PHAs for competitive grants to help PHAs identify and eliminate housing-related hazards in public housing such as mold, carbon monoxide, pest infestation, radon, and other housing hazards. Improving the environmental conditions and safety for public housing residents, and improving their health outcomes, helps further progress towards environmental justice. While many of these deficiencies are identified in REAC's physical needs assessments, PHAs would benefit from dedicated funds for evaluation and mitigation. Evaluations will include comprehensive assessments of moisture intrusion, ventilation, and other structural defects that can contribute to unhealthy conditions. These repairs can help reduce allergies and asthma exacerbation in residents, especially children, and help prevent injury and death.

Public Housing Grants for Lead-Based Paint Hazards

This Budget includes \$25 million to support competitive grant funding to address health hazards from lead-based paint in public housing units. Funding for the determination and remediation of health hazards related to lead-based paint remains a critical need as most public housing units were constructed prior to 1978 and have extensive potential for lead-based painted surfaces. These grants are a successful tool to advance the health and welfare of public housing residents nationwide, particularly for children under the age of six who are most at risk of suffering the devastating effects of lead poisoning.

Public Housing Grants for Emergencies and Natural Disasters

The Budget includes up to \$20 million for grants to PHAs for capital needs arising from emergency situations or non-Presidentially declared natural disasters. (PHAs whose properties suffer damage because of Presidentially declared natural disasters are eligible to receive funding from the Federal Emergency Management Agency under the Robert T. Stafford Relief Act.) Examples of capital needs funded under grants for non-Presidentially declared disasters and other emergencies include plumbing replacement; sewer line replacement; foundation stabilization; heating, ventilation, and air conditioning (HVAC) replacement; fire alarm replacement; flood abatement and mold removal and repairs; boiler pipe replacement; and emergency window replacement.

Public Housing Grants for Safety and Security Needs

The budget proposes \$20 million for grants to PHAs to address crime and drug-related activity to provide for the safety of public housing residents. The grants for emergency safety and security

needs are used to install, repair, or replace capital needs items, including security systems/surveillance cameras, fencing, lighting systems, emergency alarm systems, window bars, deadbolt locks, and doors. The purchase and installation of carbon monoxide detectors may also continue to be an eligible activity, depending on determination of outstanding need.

Prevention, Recovery and Transformation of High Risk PHAs

The Budget proposes \$45 million to support high-risk PHAs through the following:

- Activities related to recovery and prevention of receivership; costs associated with recapitalization, transformation, and preservation of affordable housing assets for troubled and high-risk PHAs. Funding will be used to address deteriorated physical conditions to prevent high risk and troubled PHAs, including those under a Federal monitor, from entering into receiverships and preserve affordable housing for the future.
- Activities related to technical assistance and administrative costs that enable HUD and PHAs to build capacity, conduct assessments, and develop recapitalization strategies for PHAs whose deep capital needs pose financial and operational risks to the agency.

During any given year, performance scoring under the Public Housing Assessment System (PHAS) identifies over 500 troubled and substandard PHAs and the number of agencies trending toward substandard performance continues to increase each year due to aging stock beyond its useful life, backlogged capital repairs, diminishing Federal dollars, and other operational challenges.

Further, as evidenced by REAC financial and physical data, there are 679 developments with approximately 215,000 units in poor physical condition where the PHA does not have resources to address physical needs. The data also identifies 639 developments representing 105,000 units with a limited remaining useful life with failing or trending to fail physical scores.

To address the collective needs of these agencies, since fiscal year 2019, HUD has undertaken a concerted effort to work with PHAs to evaluate the on-the-ground challenges, provide technical assistance to PHAs to focus capital investments, and address operational inefficiencies.

Public Housing Operating Shortfall Funding

The Budget propose \$30 million for public housing operating shortfall funding. Funding awarded for operational shortfalls would enable HUD to provide targeted assistance to agencies with short-term operational challenges. Through the awarding process for such funds, HUD would require PHAs receiving such funds to enter targeted corrective actions in order to determine the causes of PHA shortfalls, and to address such causes on a case-by-case basis. Through this process, HUD can also evaluate whether additional long-term policy changes are necessary for the PHA.

Some PHAs have been found to have financial management challenges and face insolvency. These PHAs were assisted by a \$25 million insolvency/shortfall program in both 2020 and 2021. The program provides PHAs with funding to support improvements in financial management and solvency. In 2020, 219 PHAs were eligible with \$112 million in eligibility. The funding assisted 142 PHAs. In 2021, 174 PHAs are eligible with \$107 million in eligibility.

HUD data on operating reserves show that approximately 174 PHAs have reserves that are less than two months of operating expenses, and 34 PHAs have negative operating reserves. These PHAs are at significant risk of financial insolvency.

Financial and Physical Assessment

The \$23 million for Financial and Physical Assessments (FPA) enables the physical inspections of over 7,000 public housing properties and the assessment of the financial condition of approximately 3,000 PHAs that receive HUD funds to manage and operate public housing. The budget for FPA supports several transformative and operational improvement efforts of HUD's Real Estate Assessment Center (REAC).

HUD's new physical inspection standards, the National Standards for the Physical Inspection of Real Estate (NSPIRE), are planned for implementation. NSPIRE implementation funding will provide the Department with improved capabilities necessary to more accurately determine if HUD assisted and insured properties are safe and habitable. As PHAs continue to resume full operational capacity (e.g., resume more on-site, day-to-day property management functions), HUD anticipates ramping up its assessment activities, including resumption of physical inspections for a majority of the public housing portfolio under the NSPIRE standards. This would allow PHAs to understand and adapt their management practices prior to a formal re-baselining of the entire portfolio under NSPIRE. HUD will use this funding to provide the capabilities necessary to receive, process, analyze, and manage a volume of data and information from self-inspections, resident surveys, and enhanced inspections at a much larger scale than under the legacy operating model. This will provide for new and better insights into the portfolio's condition. Further, as outlined in the NSPIRE proposed rule, the Department is using the implementation of NSPIRE as an opportunity to incorporate the Consolidated Appropriations Act of 2016 directive to implement a single inspection protocol for public housing and housing choice voucher units and the Economic Growth Regulatory Relief and Consumer Protection Act (Economic Growth Act) provisions that apply to small and rural PHAs.¹

As NSPIRE moves into an operational state, it will be managed within REAC as a single business line, enabling HUD to realize operational efficiencies and ensure consistent administration of the standard and inspections for all PHAs, property portfolios and program types (e.g., Public Housing, HUD-assisted Multifamily properties, project, and tenant-based voucher subsidies).

The budget also supports REAC's Public Housing Assessment System (PHAS): the custom-designed and built management tool for effectively and fairly measuring the performance of a PHA's essential housing operations. PHAS produces a composite performance score, which measures physical conditions, financial conditions, and management. The changes associated with NSPIRE and required under the Economic Growth Act will necessitate changes to PHAS and Section 8 Management Assessment Program (SEMAP). REAC plans to redesign PHAS and SEMAP and develop requirements to revamp the 20 year-old PHAS scoring model.

Finally, HUD is committed to continuous improvement and ensuring programs have the necessary information and insight to support their changing needs., REAC anticipates using a portion of the FPA funds to fully develop a collection and analysis capability around environmental hazards and housing factors that influence climate change. REAC views the ongoing enhancement of its FPA funded assessments and capabilities to incorporate other aspects of financial and physical condition (e.g., environmental reviews) as a critical component of HUD's mission to meet the need for quality affordable rental homes and PIH's efforts to ensure safe, decent, and affordable housing.

Public Housing Energy and Water Conservation

PHAs use operating grants to pay for ongoing utilities costs, including energy and water incentive programs, and are authorized to use capital grants to make investments in energy conservations

¹ <https://www.federalregister.gov/documents/2021/01/13/2021-00098/economic-growth-regulatory-relief-and-consumer-protection-act-implementation-of-national-standards>

measures. However, the chronic historical underfunding of the program has left a significant portion of the portfolio in need of capital investment to modernize systems and reduce energy and water consumption. PHAs have useful, but limited, incentive programs built into the Operating Fund Formula that reward PHAs that invest in energy conservation measures by allowing them to keep a portion of the savings (a portion is also shared with HUD). These programs provide incentives for public housing authorities to implement energy and water conservation measures that support reductions in utility costs, improved infrastructure, carbon reduction, water conservation, and other climate resilience protection initiatives. In 2020 these incentives provided approximately \$213 million in payments to PHAs through the Frozen Rolling Base, Rate Reduction Incentive, Resident Paid Utilities, and Add-on Subsidy. Approximately 80 percent of these incentives supported the implementation of energy and water conservation measures such as efficient lighting, water fixtures, and solar energy. The remaining 20 percent promoted PHA utility rate reduction efforts which lower utility costs that contribute to the \$2 billion cost of Public Housing Utilities in 2020.

Climate Resilience and Energy Efficiency

As part of the Administration's whole-of-government approach to the climate crisis, the Department is committed to cost-effective energy, green, and healthy retrofits of HUD-supported affordable housing. The budget includes \$300 million in the Public Housing Fund that will be used to achieve these goals through targeted investments for public housing to further support energy efficient housing construction and environmentally sensitive and resilient design. Further, a portion of this funding will be used for supportive initiatives, including supporting energy benchmarking across the Public Housing portfolio.

The Budget proposes \$245 million for competitive grants to fund utility conservation and climate resilience measures in public housing, with an estimated allocation of \$150 million for energy efficiency and \$95 million for climate resilience.

Public Housing Rapid Return Utility Conservation Program

For energy efficiency, the selection criteria would include the period it would take for the conservation measure to pay for itself with investments that have a more rapid return on the investment receiving a priority for funding. The Secretary would be authorized to establish additional selection criteria. Grantees would be required to report on the performance of the utility conservation measures. While many PHAs have sporadically implemented utility conservation measures, the Department believes that extensive opportunities remain for PHAs to implement utility conservation measures that will pay for themselves in just a few years. Based on consumption data, at least 200,000 public housing units would be able to install low flow water fixtures that would substantially reduce water consumption. There are also opportunities for rapid paybacks that reduce energy consumption. PHAs that install improved weatherization measures, smart thermostats, or shift from using fluorescent bulbs to Light Emitting Diode (LED) bulbs can achieve a one-year payback. There is the potential for the public housing program to achieve more than \$95 million per year in savings on utility costs, more than seven billion gallons of water saved, and more than 85 billion BTUs conserved in exchange for this \$150 million investment.

Climate Resilience

For climate resilience, the budget proposes competitive grants to fund capital investments to increase the climate resilience of public housing and would prioritize protecting the largest number of units from climate threats for the lowest investment. The selection criteria would include a per unit cost ratio that would provide a higher score to proposals that would make a higher number of units climate resilient for a lower cost. PHAs would have to provide evidence that the proposed intervention would ameliorate the climate threat sufficiently to ensure the long-term viability of the property. The Secretary would be permitted to establish an eligible list of climate threats that are

eligible to receive funding as well as to permit PHAs to propose climate threats for consideration. The Secretary would be authorized to establish additional selection criteria as well as maximum grant limits.

The Secretary would have the ability to shift funds from utility conservation measures to climate resilience measures if demand for one or the other was insufficient to consume the funds initially made available.

Energy Performance Innovation Pilot and Utilities Benchmarking

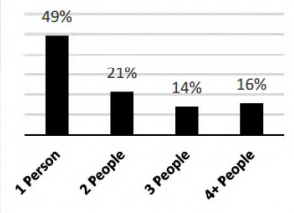
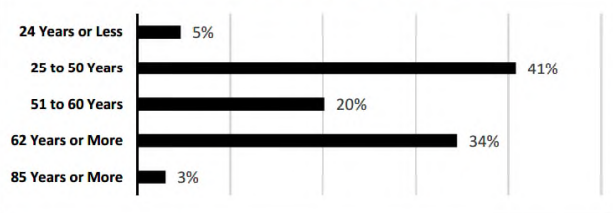
The Budget proposes \$55 million to support innovative initiatives to reduce energy and water consumption.

Of this amount, not more than \$50 million shall be available to develop new strategies and new approaches to the Energy Performance Contracts (EPC) Program to increase its usage, make deeper green energy and water efficiency measures, develop and implement renewable energy and battery storage, and reduce the carbon and climate impact of public housing. Funding will be provided through competitive grants to PHAs to support energy conservation measure (ECM) installation and other project costs to support the purpose of the program. EPCs allow PHAs to implement capital energy saving projects either as a self-directed project or through an energy savings corporation. Savings are measured by annual measurement and verification to pay energy project costs over the term of the contract, which can last up to 20 years. Although EPCs have generated significant savings and investment in ECMs over the last few decades, there are limitations in the structure of the program that prevent deep green investments. For example, PHAs are limited in their ability to support EPCs with Federal grant funds to generate additional investments, and the timeframe limits the package of ECMs that can be pursued through an EPC.

Because much of the program is governed by statute, HUD has not pursued significant changes to the program since its inception. HUD is proposing to conduct a pilot of EPCs with new terms and conditions that would test a variety of energy conservation measures and potentially other capital improvements that support climate resilience. As such, the Secretary would be authorized to waive certain restrictions to support the EPC pilot. This budget proposal would also include robust technical assistance, with specific funding to provide technical assistance to PHAs and to evaluate the impact of different policies. The pilot would inform potential permanent changes to the EPC incentive to encourage deeper investments and changes that can be made in a cost-effective and efficient manner.

Of this amount, not less than \$5 million would be available to assess and support data collection and analysis to support implementation, provide incentives to PHA to provide comprehensive data to support benchmarking analysis, develop a benchmarking model, and other costs associated with the benchmarking effort. Benchmarking is a vital part of measuring performance of the Department's energy and water efficiency and climate impact, and to better incentivize PHAs to address inefficient buildings through capital investment strategies.

Public Housing Resident Characteristics: Currently, the program serves families with an average household income of approximately \$15,514, less than a quarter of the 2019 U.S. median household income of \$68,703. Extremely low-income families (families earning less than 30 percent of an area's median income) make up approximately 60 percent of public housing households. More than a quarter of public housing households earn wages as their primary source of income, with close to 70 percent of wage earners earning between \$5,000 and \$25,000. Over half of households live on fixed incomes. The elderly and persons with disabilities head 56 percent of households (see charts below). Close to 40 percent of all households served include children. The average household contributes more than \$346 a month toward rent and utilities. The chart below provides demographics of public housing residents.

Q4 2020 Public Housing Tenant Characteristics																								
<p>How many households and people are served?</p> <p>1.8 million people</p> <p>880 thousand households</p>	<p>What are the racial characteristics of the tenants?</p> <p>This program serves a relatively demographically diverse population. 77% of residents are in a minority group.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th><i>Asian/P.I.</i></th> <th><i>Black, non-Hispanic</i></th> <th><i>Hispanic</i></th> <th><i>Native American</i></th> <th><i>White</i></th> </tr> </thead> <tbody> <tr> <td>3%</td> <td>46%</td> <td>27%</td> <td>1%</td> <td>22%</td> </tr> </tbody> </table>	<i>Asian/P.I.</i>	<i>Black, non-Hispanic</i>	<i>Hispanic</i>	<i>Native American</i>	<i>White</i>	3%	46%	27%	1%	22%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children 32%</p> <p>Elderly 34%</p> <p>Non-elderly disabled 20%</p>												
<i>Asian/P.I.</i>	<i>Black, non-Hispanic</i>	<i>Hispanic</i>	<i>Native American</i>	<i>White</i>																				
3%	46%	27%	1%	22%																				
<p>How big are the households?</p>  <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Household Size</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1 Person</td> <td>49%</td> </tr> <tr> <td>2 People</td> <td>21%</td> </tr> <tr> <td>3 People</td> <td>14%</td> </tr> <tr> <td>4+ People</td> <td>16%</td> </tr> </tbody> </table>	Household Size	Percentage	1 Person	49%	2 People	21%	3 People	14%	4+ People	16%	<p>How old are the heads of household?</p>  <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Age Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>24 Years or Less</td> <td>5%</td> </tr> <tr> <td>25 to 50 Years</td> <td>41%</td> </tr> <tr> <td>51 to 60 Years</td> <td>20%</td> </tr> <tr> <td>62 Years or More</td> <td>34%</td> </tr> <tr> <td>85 Years or More</td> <td>3%</td> </tr> </tbody> </table>	Age Group	Percentage	24 Years or Less	5%	25 to 50 Years	41%	51 to 60 Years	20%	62 Years or More	34%	85 Years or More	3%	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution \$346</p> <p>Average HUD contribution \$575</p>
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62 Years or More	34%																							
85 Years or More	3%																							
<p>What are the income levels of assisted households?</p> <p>Tenants make an average gross income of \$15,514. 77% of households earn \$20,000 or less per year</p>		<p>How do household incomes compare to the local area median income?</p> <p>Extremely low income (less than 30% AMI) 74%</p> <p>Very low income (30% to 50% AMI) 17%</p> <p>Low Income (50% to 80% AMI) 7%</p>																						

Some percentage totals not equal to 100 due to rounding.
 Source: HUD PIC and TRACS databases, December 2020 extract.

PUBLIC HOUSING FUND

SUMMARY OF RESOURCES BY PROGRAM²

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Public Housing Formula Grants (Capital Expenses)	2,745,244	6,755	2,751,999	2,714,092	2,765,000	9,496	2,774,496	3,200,000
Public Housing Formula Grants (Operating Expenses)	4,524,000	81,830	4,605,830	4,073,643	4,839,000	472,238	5,311,238	4,887,000
Public Housing Formula Grants (CARES Act)	685,000	-	-	684,992	-	-	-	-
Public Housing Shortfall Prevention	25,000	-	25,000	-	25,000	25,000	50,000	30,000
Emergency Disaster Grants	20,000	11,716	31,716	12,103	20,000	11,256	31,256	20,000
Safety and Security Grants	10,000	5,445	15,445	8,810	10,000	18,158	28,158	20,000
Receivership and Monitorship Emergency Grants	34,650	-	34,650	-	45,000	34,650	79,650	-
Financial and Physical Assessment	14,000	3,038	17,038	7,726	23,000	9,447	32,447	23,000
Receivership, Troubled, High Risk PHAs	1,000	1,676	2,676	328	15,000	2,348	17,348	45,000
Public Housing Rapid Return Utility Conservation Program and Climate Resiliency	-	-	-	-	-	-	-	245,000
EPC Innovation Pilot and Utilities Benchmarking	-	-	-	-	-	-	-	55,000
Lead Paint Determination and Abatement	25,000	5,182	30,182	1,315	25,000	31,772	56,772	25,000
Housing Health Hazards	20,000	-	20,000	-	35,000	20,000	55,000	25,000
Resident Opportunity - ROSS	-	39,631	39,631	37,045	-	2,788	2,788	-
Technical Assistance	-	375	-	84	-	291	-	-
Jobs-Plus	-	31,345	-	31,345	-	-	-	-
Radon Testing	-	-	-	-	4,000	-	4,000	-
Rental Assistance Demonstration (transfer)	-	(93,900)	(93,900)	-	-	(119,000)	(119,000)	(151,000)
Total	8,103,894	93,093	7,511,987	7,571,483	7,806,000	518,444	8,324,153	8,575,000

² In order to portray the total resources available to the Public Housing program, columns referring to 2020 have data from the Public Housing Operating Fund and Public Housing Capital Fund, while columns referring to 2021 and 2022 have data from the Public Housing Fund.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Explanation

The 2022 President's budget has the following changes to appropriations language from the 2021 enacted bill:

- **Revise Housing Health Hazards Appropriation Language.** HUD requests language to revise the appropriations language in the Consolidated Appropriations Act, 2021, for Housing Health Hazards so that they may be added to a single competitive Notice of Funding Opportunity for both 2021 and 2022 funds. In the fiscal year 2021 Appropriations, Housing Health funding was included with other Capital Fund programs but linked to an authorization under the Healthy Homes Initiative pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970, which makes it difficult for HUD to effectively deploy the funds. Additionally, the language did not include requirements for environmental review as funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 143), which is standard for Capital Fund programs.

General Provisions

The 2022 President's Budget proposes the following general provisions:

- **PHA Executive Compensation:** This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale (2022 President's Budget, Section 216)
- **Notice of Funding Availability Update:** This provision prohibits funds from being used to make certain eligibility limitations as part of a notice of funding availability for competitive grant awards under the Public Housing Fund (2022 President's Budget, Sec. 225).
- **Moving to Work (MTW) Implementation.** The provision provides HUD an extra three years to implement the MTW expansion because of delays attributable to the COVID-19 pandemic (2022 President's Budget, Sec. 229).

APPROPRIATIONS LANGUAGE

The 2022 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For *2022 payments to public housing agencies for the operation and management of public housing, as authorized by section 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(e)) (the "Act")*, and to carry out capital and management activities for public housing agencies, as authorized under section 9(d) of the Act (42 U.S.C. 1437g(d)), [~~\$7,806,000,000~~] *\$8,575,000,000*, to remain available until September 30, [2024] 2025: Provided, That the amounts made available under this heading are provided as follows:

(1) [~~\$4,839,000,000~~] *\$4,887,000,000* shall be available to the Secretary to allocate pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations, for [2021] *2022* payments;

(2) [\$25,000,000] *\$30,000,000* shall be available to the Secretary to allocate pursuant to a need-based application process notwithstanding section 203 of this title and not subject to such Operating Fund formula to public housing agencies that experience, or are at risk of, financial shortfalls, as determined by the Secretary: *Provided*, That after all such shortfall needs are met, the Secretary may distribute any remaining funds to all public housing agencies on a pro-rata basis pursuant to such Operating Fund formula;

(3) [\$2,765,000,000] *\$3,200,000,000* shall be available to the Secretary to allocate pursuant to the Capital Fund formula at section 905.400 of title 24, Code of Federal Regulations: *Provided*, That for funds provided under this paragraph, the limitation in section 9(g)(1) of the Act shall be 25 percent: *Provided further*, That the Secretary may waive the limitation in the previous proviso to allow public housing agencies to fund activities authorized under section 9(e)(1)(C) of the Act: *Provided further*, That the Secretary shall notify public housing agencies requesting waivers under the previous proviso if the request is approved or denied within 14 days of submitting the request: *Provided further*, That from the funds made available under this paragraph, the Secretary shall provide bonus awards in fiscal year [2021] *2022* to public housing agencies that are designated high performers [: *Provided further*, That the Department shall notify public housing agencies of their formula allocation within 60 days of enactment of this Act];

(4) [\$75,000,000] *\$40,000,000* shall be available for the Secretary to make grants, notwithstanding section 203 of this title, to public housing agencies for emergency capital needs, including safety and security measures necessary to address crime and drug-related activity, as well as needs resulting from unforeseen or unpreventable emergencies and natural disasters excluding Presidentially declared emergencies and natural disasters under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) occurring in fiscal year [2021, of which \$45,000,000 shall be available for public housing agencies under administrative and judicial receiverships or under the control of a Federal monitor] *2022*: *Provided*, That of the amount made available under this paragraph, not less than [\$10,000,000] *\$20,000,000* shall be for safety and security measures: *Provided further*, That in addition to the amount in the previous proviso for such safety and security measures, any amounts that remain available, after all applications received on or before September 30, [2022] *2023*, for emergency capital needs have been processed, shall be allocated to public housing agencies for such safety and security measures;

(5) \$25,000,000 shall be for competitive grants to public housing agencies to evaluate and reduce lead-based paint hazards in public housing by carrying out the activities of risk assessments, abatement, and interim controls (as those terms are defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851b)): *Provided*, That for purposes of environmental review, a grant under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section;

[(6) \$35,000,000 shall be for competitive grants to public housing agencies for activities authorized under the Healthy Homes Initiative, pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970, which shall include research, studies, testing, and demonstration efforts, including education and outreach concerning mold, radon, carbon monoxide poisoning, and other housing-related diseases and hazards;]

(6) *\$25,000,000 shall be available for competitive grants to public housing agencies to evaluate and reduce housing-related hazards including carbon monoxide, radon and mold in public housing: Provided, That for purposes of environmental review, a grant under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section: Provided further, That amounts made available under this paragraph shall be combined with amounts made available under this paragraph in the*

Consolidated Appropriations Act, 2021 (Public Law 116–260) and shall be used in accordance with the purposes and requirements under this paragraph:

(7) [~~\$15,000,000~~] *\$45,000,000* shall be to support the costs of administrative and judicial receiverships and for competitive grants to PHAs in receivership, designated troubled or substandard, or otherwise at risk, as determined by the Secretary, for costs associated with public housing asset improvement, in addition to other amounts for that purpose provided under any heading under this title;

(8) *\$23,000,000* shall be to support ongoing public housing financial and physical assessment activities; [and (9) *\$4,000,000* shall be for a radon testing and mitigation resident safety demonstration program (the radon demonstration) in public housing: Provided, That the testing method, mitigation method, or action level used under the radon demonstration shall be as specified by applicable State or local law, if such law is more protective of human health or the environment than the method or level specified by the Secretary:]

(9) *\$245,000,000* shall be for competitive grants to public housing agencies for capital improvements to reduce utility consumption or improve the climate resilience of public housing: Provided, That for purposes of environmental review, grants under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section; and

(10) *\$55,000,000* shall be available for public housing to promote energy and water efficiency initiatives, including an Energy Performance Contract Incentive pilot program for public housing authorized under section 9(e)(2)(C) of the United States Housing Act of 1937 and utilities benchmarking required pursuant to sections 990.185(c) and 990.190 of title 24, Code of Federal Regulations: Provided, That to enable innovative strategies within the Energy Performance Contract Incentive pilot, the Secretary may waive such statutory and regulatory requirements as may be necessary to permit public housing agencies to propose alternative energy performance contract incentives or requirements and to carry out innovative approaches to program administration: Provided further, That for purposes of environmental review, grants under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section;

Provided further, That notwithstanding any other provision of law or regulation, during fiscal year [2021] 2022, the Secretary of Housing and Urban Development may not delegate to any Department official other than the Deputy Secretary and the Assistant Secretary for Public and Indian Housing any authority under paragraph (2) of section 9(j) of the Act regarding the extension of the time periods under such section: *Provided further*, That for purposes of such section 9(j), the term "obligate" means, with respect to amounts, that the amounts are subject to a binding agreement that will result in outlays, immediately or in the future. (*Department of Housing and Urban Development Appropriations Act, 2021.*)