



## **U.S. Department of Housing and Urban Development**

The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our Nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

The Department of Housing and Urban Development (HUD) is focused on helping to secure quality housing for Americans, ending homelessness, making our communities more resilient from natural disasters, protecting people from housing discrimination and providing rental housing assistance for millions of extremely poor Americans. HUD's work is critical to the Administration's efforts to strengthen communities, bolster the economy, and improve the quality of life for the American people. The Budget provides \$49.3 billion for HUD programs to support these efforts, \$4 billion above the 2015 enacted level. Funding is prioritized to protect vulnerable families and to revitalize neighborhoods with distressed HUD assisted housing and concentrated poverty.

## **Funding Highlights:**

- The President's FY 2016 Budget provides \$49.3 billion in gross discretionary funding for the U.S. Department of Housing and Urban Development to expand the number of rental assistance vouchers; increase homeless assistance for vulnerable families; and make targeted investments in communities to help revitalize high-poverty neighborhoods. This includes:
  - Funding rental housing assistance to support 4.7 million low-income families, including the restoration of 67,000 Housing Choice Vouchers lost in 2013 due to sequestration;
  - Investing \$2.5 billion for Homeless Assistance Grants to continue progress toward the Administration's goals of ending chronic homelessness and homelessness among veterans and families;
  - Providing Public Housing Authorities the support they need to effectively and efficiently deliver Tenant-Based Assistance Programs by funding 90% of administrative fees;
  - Demonstrating a new model of affordable housing integrated with supportive services for the elderly and assisting 700 new households for persons with disabilities by providing an additional \$35 million;
  - Expanding access to credit with a responsible reduction to FHA mortgage insurance premiums that will enable 250,000 new homebuyers over three years while maintaining the solvency of the Mutual Mortgage Insurance Capital Reserve;
  - Investing \$250 million to transform neighborhoods with distressed HUD-assisted housing and concentrated poverty into opportunity-rich, mixed-income neighborhoods through the Choice Neighborhoods program;
  - Providing \$748 million to address the housing and community development needs of Native American tribes and \$332 million for the Housing Opportunities for Persons with AIDS program;
  - Continuing progress in the Rental Assistance Demonstration by providing \$50 million to convert approximately 25,000 public housing units to Section 8 rental assistance contracts that can leverage private funding to make much needed capital improvements;
  - Increasing job training and financial incentives for public housing and Native American households through Jobs-Plus, an evidence-based program funded at \$100 million;
  - Providing communities with new flexibilities and tools to expand the supply and affordability of housing and promote economic opportunity.

## **Reforms:**

- Expanding Moving to Work (MTW) to increase the number of PHAs with enhanced flexibility to make local decisions about how to operate their programs and test innovative uses of Federal dollars to enhance tenant outcomes.

- Propose a series of reforms to the Community Development Block Grant program to enhance local decision making to improve economic opportunities in struggling communities. Grantees would be able to join together for administrative savings and target funding resources to areas of greatest need. It would also enhance program accountability, synchronize critical program cycles with the consolidated plan cycle, and provide more options for regional coordination and planning.

**Provides Opportunity for Vulnerable Families through Housing Assistance.** The Budget provides funding for rental housing assistance to support 4.7 million low-income families, including \$21.1 billion for the Housing Choice Voucher program to help approximately 2.4 million low-income families afford decent housing in neighborhoods of their choice. In addition to supporting all existing vouchers, the Budget provides funding to restore approximately 67,000 vouchers lost in 2013 due to sequestration. The request includes \$177.5 million in Special Purpose Vouchers to be awarded to PHAs and tribally-designated entities for populations including homeless families, Veterans (regardless of discharge status), and Native American families experiencing homelessness. Additionally, \$37.5 million is requested for vouchers targeted to victims of domestic and dating violence and \$20 million for the Family Unification Program, for families with children in the foster care system and youth aging out of foster care. The Budget also includes \$10.8 billion for the Project-Based Rental Assistance program, which supports 12 months of funding for rental assistance contracts with public and private owners who maintain affordable rental housing for 1.2 million families, and \$6.6 billion in operating and capital subsidies to preserve affordable public housing for 1.1 million families.

**Expands Opportunity in High Poverty Communities.** The Budget invests \$250 million to transform neighborhoods with distressed HUD-assisted housing and concentrated poverty into opportunity-rich, mixed-income neighborhoods through the Choice Neighborhoods program. Over 11 million Americans live in neighborhoods with a poverty rate of 40% or more. Many of these neighborhoods struggle with rampant crime, failing schools, and the impact of decades of disinvestment. Choice Neighborhoods grantees develop a comprehensive neighborhood plan that addresses the broader needs of the community, including nearby vacant private housing, public safety, local schools, economic development, and other critical community improvements. With their 2010 through 2013 grant awards, Choice Neighborhoods grantees have leveraged over \$2.65 billion, including new and refocused funds from private investors, banks, cities, universities, foundations, and a range of local partners. For every \$1 in Choice Neighborhoods implementation funding, an additional \$7.50 is leveraged in the local community.

**Creates New Opportunity for Homeless Families and Individuals.** The Budget includes \$2.5 billion for Homeless Assistance Grants to continue and maintain progress toward the Administration's goals of ending chronic homelessness and homelessness among veterans and families. This funding includes \$309 million to support 15,000 additional families through rapid rehousing and an estimated 25,500 new units of permanent supportive housing targeted to the chronically homeless. These funds, in coordination with the targeted special purpose vouchers in the Tenant-Based Rental Assistance account for special populations, will continue progress on achieving the goals set out in *Opening Doors: The Federal Strategic Plan to End Homelessness*.

**Connects More Opportunity for Americans to Become Homeowners.** The Budget expands access to credit to more Americans through a responsible reduction to FHA mortgage insurance premiums that will enable 250,000 new homebuyers over three years while maintaining the positive upward trajectory of the Mutual Mortgage Insurance Capital Reserve, and proposes an FHA Administrative Fee to improve program management and oversight. FHA has insured 1.6 million first-time homebuyers in the last three years alone. And we want more Americans to be able to access our services. The FHA was established in response to the failure of the banking system during the Great Depression to help stabilize the economy and the housing market. When the private market couldn't or wouldn't provide access to credit, FHA was there, investing in our economy and preserving pathways to the middle class – just as it was designed to do. During this most recent crisis, FHA experienced a nearly five-fold increase in market share enabling it to provide critical access to credit when most needed. Today, the number of single-family loan endorsements has declined to pre-crisis levels. This decline indicates the housing market and economy are beginning to recover.

**Improves Employment Outcomes for HUD-Assisted Households.** The Budget provides \$100 million for Jobs-Plus to help public housing residents secure employment and increase their earnings through job training and financial incentives. The Budget also provides \$85 million for the Family Self-Sufficiency program to link HUD-assisted households with job training, child care, transportation, financial literacy and other supportive services, and help them build assets through interest-bearing escrow accounts.

**Provides Communities with New Flexibilities and Tools to Promote Housing Affordability and Economic Opportunity.** The Budget proposes a new \$300 million Local Housing Policy Grants program. This program will provide grants to localities and regional coalitions of localities to increase economic growth, access to jobs and improve housing affordability by supporting new policies, programs or regulatory initiatives to create a more elastic and diverse housing supply. The Budget also proposes a new initiative, the Upward Mobility Project, which will allow up to ten communities, States or consortia of States and communities to combine funds from four existing block grant programs designed to promote opportunity and economic development and reduce poverty to test and validate promising approaches to help families become more self-sufficient, improve children's outcomes, and revitalize communities so they can provide more opportunities for their residents. The funding streams that States and communities can apply to use – including the Department of Health and Human Services' (HHS) Social Services Block Grant and Community Services Block Grant, and the HUD's Community Development Block Grant, and HOME Investment Partnerships Program – share a common goal of promoting opportunity and reducing poverty. Participating communities will be eligible to receive HHS funding up to \$300 million per year ( \$1.5 billion in new funding over five years), to combine with the added flexibility with currently provided resources.

**Expands Moving to Work (MTW).** There are currently 39 Public Housing Authorities (PHAs) with program flexibility to make local decisions about how to operate their programs and test innovative uses of Federal dollars to enhance tenant outcomes. MTW PHAs have implemented a range of policies designed to preserve and increase the overall affordable housing inventory, achieve administrative efficiencies and increase earnings for low-income families. The Budget supports expansion of the MTW program to implement and test innovative models for improving self-sufficiency, mobility, academic performance, and other outcomes for HUD-assisted tenants.

**Make Innovative Programs Open to Residents in Indian Country.** The Budget recognizes the significant housing and services needs of residents in Indian Country and expands access to some of the Department's most innovative and effective programs to Native Americans. In addition to making tribally-designated entities eligible for the new special purpose vouchers requested in the Tenant-Based Rental Assistance account, up to \$15 million requested for Jobs-Plus will be used to implement a demonstration of the Jobs-Plus model in Indian Country.