MEMORANDUM

March 31, 2020

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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Subject: Final Report – Overview of HUD's Housing Assistance Programs, 2019-OE-0004

Please see the attached final report on our evaluation of the U.S. Department of Housing and Urban Development's (HUD) housing assistance programs. Our objective is to describe HUD housing assistance programs. We identified five findings during the course of our evaluation. The report will be posted to our website within 3 days.

I appreciate the assistance you and your staff provided throughout the evaluation. Please feel free to contact Director Paul Bergstrand at (202) 402-2728 if you have any questions.

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U.S. Department of Housing and Urban Development

Office of Inspector General

Office of Evaluation

Overview of HUD's Housing Assistance Programs

Program Evaluations Division

Washington, DC Report Number: 2019-OE-0004 March 31, 2020

Executive Summary

Overview of HUD's Housing Assistance Programs

Report Number: 2019-OE-0004 March 31, 2020

Why We Did This Evaluation

Part of the U.S. Department of Housing and Urban Development's (HUD) mission is to create quality, affordable homes for all. To achieve this portion of its mission, HUD administers 73 housing assistance programs that promote home ownership, provide rental assistance, and support public housing. Congress, the public, and decision makers throughout government may not understand the goals of these programs, the populations they are meant to serve, and the relationship among them. This report will give useful information and promote dialogue about these programs.

We initiated this evaluation at the request of Senator Mike Enzi. During this evaluation, we reviewed HUD's housing assistance programs based on their purpose, types of assistance, and eligible participants. This report also includes the 5-year funding history for each HUD program office that administers housing assistance programs.

Results of Evaluation

Since its creation in 1965, HUD has provided affordable housings to low-income families and individuals through its housing assistance programs. Six HUD program offices administer 73 active housing assistance programs. These offices are the Office of Housing (Housing), the Office of Community Planning and Development (CPD), the Office of Public and Indian Housing (PIH), the Office of Fair Housing and Equal Opportunity (FHEO), the Government National Mortgage Association (Ginnie Mae), and the Office of Lead Hazard Control and Healthy Homes (OLHCHH). Of the 73 active housing assistance programs, 23 programs provide home-ownership assistance, 28 programs provide rental housing assistance, and 22 programs provide both types of housing assistance. There are no specific areas of significant program overlap across HUD's 73 active housing assistance programs.

From fiscal year (FY) 2014 to FY 2018, Congress appropriated approximately $257.90 billion to HUD's housing assistance programs. Within HUD, PIH received the most funding for housing assistance-related programs – approximately 53 percent of all appropriated funds for the period FY 2014 to FY 2018. Ginnie Mae received the least funding – less than 1 percent of all appropriated funds.

HUD administers six temporary housing assistance programs. There are also 21 inactive housing assistance programs. Inactive programs are programs that have not received appropriations for new commitments or grants in 5 years or received appropriations only for the renewal of existing grants or commitments.

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Introduction

Objective

To describe the U.S. Department of Housing and Urban Development's (HUD) housing assistance programs.

Background

Federal Housing Assistance Was Established in Response to the Great Depression and Has Evolved Over Time

<u>The National Housing Act Was the First Major Federal Housing Law</u>
The Federal Government has been providing housing assistance funds to lower income households since the 1930s, formulating the first major housing policy to address the distress in the mortgage market during the Great Depression. Congress enacted the National Housing Act in 1934 to encourage lenders to invest in housing construction and to stimulate employment in the building industry. The Act of 1934 created the Federal Housing Administration (FHA), which insures mortgages for single-family homes, multifamily properties, residential care facilities, and hospitals.

<u>The United States Housing Act of 1937 Established a Low-Rent Public Housing Program</u>
Congress passed the U.S. Housing Act of 1937, which established a new Federal U.S. housing authority (a precursor agency to HUD) and a new low-rent public housing program. The Act of 1937 authorized State-chartered and locally governed public housing agencies (PHA) to build and own public housing properties, giving local governments the right to choose whether to participate in the Federal housing assistance program based on their decision to create PHAs. Under the Act of 1937, the Federal Government began providing operating funds and capital financing to PHAs under long-term contracts, which outlined the Federal requirements of the program.

<u>Federal Subsidies for Private Developers Expanded Public Housing in the 1960s and1970s</u>
In the 1960s and 1970s, the Federal Government created subsidy programs to increase the production of low-income housing and help families pay their rent. Throughout the 1960s, Congress approved legislation that encouraged the private sector to develop affordable housing through subsidy programs. The Housing Act of 1961 created the Section 221(d)(3) Below Market Interest Rate housing program, which insured mortgages to private multifamily housing developers and provided loans at low interest rates. In 1968, the Housing and Urban Development Act created Section 236, which subsidized private developers' mortgage interest payments to make privately owned housing affordable to low- and moderate-income families. By the end of the 1960s, approximately 700,000 units of housing had been built through the Sections 221(d)(3) and 236 programs.

By the early 1970s, the construction-based housing subsidy programs faced growing criticism for taking too long to develop and being too expensive.[1] The Housing Act of 1974 created the Section 8 program to respond to that criticism by including subsidies for private units and relying less heavily on new construction. Section 8 continued the shift toward subsidizing privately owned housing by pairing rental subsidies with private market housing units.

HUD Was Created in 1965

The Housing and Urban Development Act of 1965 created HUD as a cabinet-level agency, and FHA became part of HUD. Congress established HUD to (1) provide the Federal housing assistance and community development programs; (2) coordinate various Federal activities to resolve problems of housing, urban development, and mass transportation; (3) encourage private home-building and mortgage lending industries to make maximum contributions to housing, urban development, and the national economy; and (4) attend to the needs and interests of the Nation's communities and their residents at the national level.[2] HUD also insures mortgages for single-family and multifamily housing, insures loans for home improvement and manufactured homes, and facilitates financing for the purchase or refinancing of homes.

HUD Offers Housing Assistance Through Rental Housing and Home-Ownership Programs

HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all. HUD has several programs designed to ensure affordable housing for low-income households. These programs generally provide either rental housing or home-ownership assistance. Rental housing assistance programs make rent affordable, using either tenant-based or project-based rental assistance, or develop and rehabilitate privately owned rental properties with five or more units by providing loans, interest rate subsidies, loan guarantees, or tax incentives. Home-ownership programs are designed to provide mortgage insurance, loan guarantees, direct loans for homeowners, and grants or loans for home repairs or modifications.[3]

Both rental housing and home-ownership programs offer various types of assistance to meet program goals, including

- grants provided to any other governmental or nongovernmental entity or individual, which must be used for a specific, designated purpose;
- block grants provided to other non-Federal government entities that have the flexibility to use the funds;
- direct loans, which are loans from the agency directly to the borrower;
- guaranteed loans in which the agency guarantees loans made by approved private lenders;[4]

[1] McCarty, Maggie. Congressional Research Service (2014). Introduction to Public Housing.
[2] Public Law 89-174, September 9, 1965
[3] The home-ownership programs mainly assist single-family housing with properties with four or fewer units.
[4] For guaranteed loans, there is no mortgage insurance. A private lender or investor provides the financing, and HUD provides the guarantee to the lender or investor.

- insured loans, which are loans made by approved private lenders that the agency insures;[5] and
- regulations that are created to enforce housing laws.

Scope and Methodology

We completed this evaluation under the authority of the Inspector General Act of 1978 as amended and in accordance with the Quality Standards for Inspection and Evaluation, issued by the Council of the Inspectors General on Integrity and Efficiency (January 2012).

Scope

We performed fieldwork for this evaluation between April and October 2019. The scope of this evaluation is limited to programmatic HUD housing assistance activities within the following six HUD program offices:

1. Office of Housing (Housing),
2. Office of Community Planning and Development (CPD),
3. Office of Public and Indian Housing (PIH),
4. Office of Fair Housing and Equal Opportunity (FHEO),
5. Government National Mortgage Association (Ginnie Mae), and
6. Office of Lead Hazard Control and Healthy Homes (OLHCHH).

Methodology

To address our objective, we identified and evaluated relevant criteria using HUD.gov, Government Accountability Office (GAO) reports, and other open-source information. We reviewed and either took excerpts or summarized publicly available HUD data and documentation from HUD.gov, HUD program officials, GAO reports, and other official government sources. Using this information, we researched HUD housing assistance programs that are active, temporary, and inactive. While researching, we determined the purpose of the program, the type of assistance it provides, the population(s) it serves, the amount of funding it receives, and the program status. We categorized the programs by the type of housing and the type of assistance they provide. We determined whether overlap existed by analyzing whether more than one program had the same purpose, served similar populations, and provided the same type of assistance by similar funding recipients. We verified the accuracy of our list of HUD programs and budget information by communicating with HUD program officials.

Limitations

We had no significant limitations associated with this evaluation.

[5] "Insured loans" refers to when the agency protects the lender against loss if the property should go into foreclosure. The insuring agency uses the mortgage insurance payment made during the monthly payment to insure the lender against losses if the loan goes into foreclosure.

Findings

HUD administers 73 active[6] housing assistance programs designed to provide rental housing assistance, promote home ownership, or support public housing. Six HUD program offices administer these 73 housing assistance programs — Housing, CPD, PIH, FHEO, Ginnie Mae, and OLHCHH. Of the 73 housing assistance programs, 28 programs provide rental assistance, 23 programs provide home-ownership assistance, and 22 programs provide both types of housing assistance. There are no specific areas of significant program overlap across HUD's 73 active housing assistance programs.

For fiscal year (FY) 2018, Congress appropriated $78.45 billion to these housing assistance programs.[7] From FY 2014 to FY 2018, these housing assistance programs received $257.90 billion to execute their missions.[8] While Housing operates the most housing assistance programs, PIH received the most funding for its housing assistance-related programs – approximately 53 percent of all appropriated funds. Of the six HUD program offices that administer active housing assistance programs, OLHCHH administered the fewest housing assistance programs, and Ginnie Mae received the least funding – less than 1 percent of all appropriated funds.

HUD administers six temporary housing assistance programs. HUD also has 21 inactive housing assistance programs that did not receive appropriated funds during the period of our review. We include descriptions of these programs separately after our descriptions of the active programs.

HUD Administers 73 Active Housing Assistance Programs

In this section, we describe the purpose of each of the 73 active housing assistance programs, the type of assistance it provides, and the population(s) it serves. See appendix A for a 5-year funding history of the active housing assistance programs.[9]

Housing's Housing Assistance Programs

Housing is the largest office within HUD. Housing includes FHA—the largest mortgage insurer in the world. It also includes the Offices of Single Family Housing, Multifamily Housing Programs, Risk Management and Regulatory Affairs, Health Care Programs, Housing Counseling, Manufactured Housing, and Finance and Budget.

As of 2018, Housing administered 39 active housing assistance programs. Of the 39 housing assistance programs, 20 programs provided rental housing assistance, 17 programs provided

[6] Active programs refer to programs that are operational and currently funded through the Consolidated Appropriations Act of 2019, through available carryovers, or both.
[7] The tables in appendix A do not include individual funding for all 73 programs but include the appropriations awarded each year for the programs included in the annual appropriations acts.
[8] Our analysis was limited to congressionally appropriated funds.
[9] The tables in appendix A do not include individual funding for all 73 programs but include the appropriations awarded each year for the programs included in the annual appropriations acts.

home-ownership assistance, and 2 programs provided both types of housing assistance. For FY 2018, Congress appropriated more than $11.89 billion to Housing's housing assistance programs. From FY 2014 to FY 2018, Congress appropriated approximately $53.80 billion to these housing assistance programs.

Rental Housing Assistance Programs:

1. Assisted-Living Conversion Program

The Assisted-Living Conversion Program (ALCP) provides grants to private, nonprofit owners of eligible multifamily developments to convert some or all of the dwelling units in a development into an assisted living facility or service-enriched housing for the frail elderly.[10] Both assisted living facilities and service-enriched housing are designed to accommodate frail elderly persons, individuals with disabilities, and elderly persons with functional limitations who can live independently but need assistance with daily living activities. Under ALCP, funded facilities must provide supportive services, such as personal care, transportation, meals, housekeeping, or laundry.

Eligible multifamily developments must be owned by a private, nonprofit entity and designated primarily for occupancy by elderly persons. Projects must have completed final closing and must have been in occupancy for at least 5 years from the date of the HUD-approved form HUD-92485, entitled Permission to Occupy Project Mortgage.

States must provide licensing and regulation to participating facilities that have been converted into an assisted living facility under ALCP. If there is no State law providing such licensing and regulation, the municipality or other subdivision in which the facility is located must license and regulate these facilities.

2. Mark-to-Market Program

The Mark-to-Market program (M2M) aims to preserve low-income rental housing affordability while reducing the long-term costs of Federal rental assistance, including project-based assistance from HUD, for certain multifamily rental projects. M2M aims to

- restructure the financing to allow the monthly payments on the first mortgage to be made from the reduced rental levels,
- reduce the costs of insurance claims, and
- ensure competent management of the project.

The restructured project is subject to long-term use and affordability restrictions.

[10] A frail elderly person is defined as an individual who has been determined to be deficient in three or more of the activities of daily living.

The projects involved are projects with (1) HUD-insured or HUD-held mortgages and (2) contracts for project-based rental assistance from HUD, primarily through the Section 8 program, for which the average rents for assisted units exceed the rents of comparable properties.

3. Mortgage and Major Home Improvement Loan Insurance for Urban Renewal Areas (Section 220)

Section 220 insures mortgages for new or rehabilitated homes or multifamily housing projects located in urban renewal areas, code enforcement areas, and other areas where local governments have undertaken designated revitalization activities. Section 220 insures mortgage loans to finance the following activities:

- construction or rehabilitation of detached, semidetached, row, walk-up, or elevator-type rental housing or
- purchase of properties that have been rehabilitated by a local public agency.

Eligible borrowers for Section 220 include investors, builders, developers, individual homeowners, and apartment owners.

Qualified properties consist of two or more units located in the following areas:

- an urban renewal area;
- an urban development project;
- a code enforcement program area;
- an urban area receiving rehabilitation assistance as a result of a natural disaster; or
- an area where concentrated housing, physical development, or public service activities are being carried out in a coordinated manner.

Section 220 has statutory mortgage limits, which may vary according to the size of the unit, the type of structure, and the location of the project. There are also loan-to-replacement cost and debt service limitations.

The mortgage loan may not exceed 90 percent of the estimated replacement cost for new construction. For substantial rehabilitation projects, the maximum mortgage amount is 90 percent of the combined value of the following two factors:

- estimated cost of repair and rehabilitation and
- estimated value of the property before the repair and rehabilitation project.

The maximum mortgage term is 40 years or not more than three-fourths of the remaining economic life of the project, whichever is less.

4. Mortgage Insurance for Purchase or Refinancing of Existing Healthcare and Multifamily Rental Housing (Sections 207 and 223(f))

Sections 207 and 223(f) of the National Housing Act insure mortgage loans to purchase or refinance existing multifamily and healthcare projects. Under this program, HUD may insure mortgages on existing multifamily projects that do not require substantial rehabilitation. A project must contain at least five units with complete kitchens and baths and have completed construction or substantial rehabilitation at least 3 years before the date of the application.

Eligible borrowers include profit and nonprofit borrowers. The program is available for investors, builders, developers, and others who meet HUD requirements.

5. Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(4))

Section 221(d)(4) insures mortgages that private lending institutions offer to help finance the construction or substantial rehabilitation of the following projects:

- multifamily (five or more units) rental,
- cooperative housing for moderate income, or
- displaced families.

Projects may consist of detached, semidetached, row, walk-up, or elevator structures. Single-room-occupancy (SRO) projects may consist of units that do not contain a complete kitchen or bath.

Under Section 221(d)(4), HUD may insure up to 90 percent of replacement costs in the case of new construction, regardless of the type of borrower. Section 221(d)(4) mortgages are primarily available to profit-motivated sponsors.

6. Mortgage Insurance for Rental Housing for the Elderly (Section 231)

Section 231 provides Federal mortgage insurance to finance the construction or rehabilitation of multifamily rental housing consisting of eight or more units for the elderly or persons with disabilities. FHA may insure up to 100 percent of the Federal Housing Commissioner's estimate of value after completion for nonprofit and public borrowers but only up to 90 percent for private borrowers. Congregate care projects[11] with central kitchens providing food service are not eligible.

Investors, builders, developers, public bodies, and nonprofit sponsors are eligible to apply for this mortgage insurance. All elderly (62 or older) persons or persons with disabilities are eligible to occupy units in a project insured under this program.

[11] Congregate housing is for displaced, elderly, and handicapped persons or families in which some or all of the individual dwelling units do not contain kitchen facilities. Rather, they have a central dining facility to provide nutritious and economical meals for the residents.

7. Mortgage Insurance for Supplemental Loans for Multifamily Projects (Section 241(a))

Section 241(a) insures lenders against loss on mortgage defaults. The program aims to keep the multifamily project competitive, extend its economic life, and finance the replacement of obsolete equipment. Section 241(a)-insured loans may finance

- additions and improvements of multifamily housing projects, nursing homes, hospitals, and assisted living facilities already subject to FHA-insured mortgages or HUD-held mortgages or
- energy conservation improvements.

The maximum insurable loan is 90 percent of the value of the addition or improvement or an amount, which when added to the outstanding balance of the existing insured mortgage, does not exceed the amount insurable under the program according to the mortgage covering the insured facility's project. When a HUD-held mortgage covers the project, the principal amount of the loan must be in an amount acceptable to the HUD Secretary. Contractors must comply with prevailing wage requirements under the Davis-Bacon Act. Section 241(a) for apartments requires appropriated credit subsidy, which is limited.

Individuals, families, and owners of multifamily projects are eligible to participate in the program.

8. Renewal of Section 8 Project-Based Rental Assistance

HUD renews Section 8 project-based housing assistance payments (HAP) contracts with owners of multifamily rental housing. Renewal of the Project-Based Rental Assistance program (PBRA) assists more than 1.2 million extremely low-, very low-, and low-income families[12] in obtaining decent, safe, and sanitary housing. PBRA makes up the difference between what an extremely low-, very low-, or low-income household can afford and the approved rent for an adequate housing unit in a multifamily project.

Eligible tenants must pay the highest of 30 percent of adjusted income, 10 percent of gross income, or the portion of welfare assistance designated for housing. While funding is no longer available for new commitments, funding is available for the renewal of Section 8 HAP contracts for units already assisted with project-based Section 8 assistance. PBRA is active for administration and the renewal of existing project-based Section 8 contracts. Renewals are funded annually through appropriations acts.

Owners are limited by statute to any private person or entity, including a cooperative, an agency of the Federal Government, or a PHA, having the legal right to lease or sublease the dwelling units. The income eligibility requirements limit occupancy to very low-income families, which includes extremely low-income families. Low-income families may rent a limited number of available units.

[12] Extremely low-income families are families whose income does not exceed 30 percent of the area median income. Very low-income families are families whose incomes do not exceed 50 percent of the area median income. Low-income families are families whose income does not exceed 80 percent of the median income for the area.

9. Multifamily Mortgage Risk Sharing Programs (Sections 542(b) and 542(c))

Sections 542(b) and 542(c) authorize HUD to enter into reinsurance agreements with the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), qualified financial institutions, and the Federal Housing Financing Board. The agreements provide for risk sharing on a 50-50 basis. Only Fannie Mae and Freddie Mac have active risk-sharing programs that encourage the development and preservation of affordable housing. HUD developed Sections 542(b) and 542(c) as a demonstration program to test innovative mortgage insurance and reinsurance products to provide affordable multifamily housing through a partnership between the qualified participating entities (QPE) and HUD. A QPE or its approved lenders may originate and underwrite affordable housing loans. If there is a default, the QPE will pay all costs associated with loan disposition and will seek reimbursement from HUD. The HUD risk share will be 50 percent pro rata.

HUD's mortgage credit enhancements support the underwriting and production strengths of Fannie Mae; Freddie Mac; and other qualified Federal, State, and local public financial and housing institutions. Section 542(c) enables HUD to carry out a program in conjunction with qualified State and local housing finance agencies to provide Federal credit enhancement[13] for affordable multifamily housing loans through a system of risk-sharing agreements. Agreements provide for risk sharing between 10 and 90 percent. The FY 2001 Appropriations Act changed the program from a pilot program into a permanent insurance authority. Eligible applicants include qualified participating entities and housing finance agencies.

10. Supportive Housing for Persons With Disabilities (Section 811) and the Section 811 Project Rental Assistance Program

Section 811 and the Section 811 Project Rental Assistance (PRA) program provide support to very low- and extremely low-income persons with disabilities with options that allow them to live independently with the availability of voluntary support activities, such as cleaning, cooking, and transportation. HUD provides capital advances to eligible parties[14] to finance the development of rental housing with supportive services for persons with disabilities. The advance is interest free. Eligible parties do not have to repay the advance so long as the housing remains available for very low- or extremely low-income persons with disabilities for at least 40 years.

Section 811 and the Section 811 PRA program also provide project rental assistance to State housing agencies, which covers the difference between the HUD-approved operating cost of the project and the tenants' contributions toward rent. HUD awards the PRA funds to State housing agencies that set aside units in affordable housing projects, the capital costs of which are funded

[13] Credit enhancement is a risk-reduction tool providing protection through financial support to cover losses under adverse conditions. Credit enhancement increases the creditworthiness of the issued notes and reduces the risk for the investors by offsetting potential losses.
[14] HUD provides capital advance funding to eligible parties, including private, nonprofit sponsors and in cases of mixed finance, for-profit limited partnerships in which the sole general partner is (1) a nonprofit organization or (2) a for-profit corporation controlled by a nonprofit organization.

through low-income housing tax credits (LIHTC);[15] Federal HOME Investment Partnerships program funds; or other Federal, State, and local funding sources. No more than 25 percent of the total dwelling units in a multifamily housing project may receive PRA funds, be used for supportive housing for persons with disabilities, or be subject to any occupancy preference for persons with disabilities. HUD requires the State housing agency grantees to partner with State Medicaid and health and human services agencies that

- have developed methods for the identification, outreach, and referral of extremely low-income people with disabilities to PRA units, and
- ensure their access to long-term services and support in the community.

Eligible applicants include nonprofit organizations with a section 501(c)(3) Internal Revenue Service tax exemption, which may qualify for assistance and may partner with private, for-profit entities so long as the sole general partner is a nonprofit organization that meets the statutory requirements. Occupancy is open to very low- and extremely low-income persons with disabilities who are at least 18 and less than 62 years of age. For PRA-funded projects, residents must be very low- or extremely low-income with at least one adult member with a disability.

11. Supportive Housing for the Elderly (Section 202) and the Supportive Service Demonstration

Section 202 provides affordable housing with voluntary supportive services for very low-income elderly persons (age 62 or older) through capital advances and project rental assistance contracts (PRAC). Capital advances are no-interest loans that are forgiven as long as affordability requirements are met for 40 years. PRACs are available for the construction or substantial rehabilitation and operation of residential projects and related facilities for the elderly.

Eligible applicants include private nonprofit corporations and consumer cooperatives. Public bodies and their instrumentalities are not eligible. Applicants may partner with private, for-profit entities so long as the sole general partner is a nonprofit organization that meets the statutory requirements. Recipients of Section 202 funds must use those funds to finance the development of housing through new construction, rehabilitation, or acquisition with or without rehabilitation.

Tenants pay approximately 30 percent of monthly adjusted income for rent and utilities, and PRAC funds pay the remainder of the established rent. The payment amount is based on 75 percent of the project's estimated operating costs, with the remaining 25 percent to be paid by tenant rents. HUD approves PRACs initially for 3 years and renews the contracts based on the availability of funds. HUD may use project rental assistance funds to provide supportive services and to hire a service coordinator.

The Supportive Service Demonstration allows funds to be available for private owners and agents to provide enhanced service coordination to low-income elderly persons. The funds will

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[15] The U.S. Department of the Treasury's Internal Revenue Service became responsible for managing the LIHTC program under the Tax Reform Act of 1986, which provides tax credits to those investing in the development of affordable rental housing. Treasury established LIHTC as an incentive for investment in the construction and rehabilitation of low-income housing.

cover the costs for 3 years to coordinate health and social services. The supportive services must fit the needs of the elderly residents and allow residents to age in place and live independently. HUD administers funding for PRA only under Section 202. The demonstration program remains active, but the application deadline has expired.

12. Flexible Subsidy Fund (Section 201)

Section 201 is Federal aid for troubled multifamily housing projects, as well as capital improvement funds for both troubled and stable subsidized projects. Section 201 aims to restore or maintain the physical and financial soundness of eligible projects at the lowest possible cost to the Federal Government. HUD expects the owners and the field offices to seek other tools to supplement or to use instead of flexible subsidy assistance. Flexible subsidy assistance includes

- bond refunds,
- partial payment of a claim,
- work-out agreements,
- rental increases,
- Section 8 assistance,
- possible mortgage modifications,
- owner contributions to the project,
- other market rates or below-market-rate loans, and
- other grants.

13. Senior Preservation Rental Assistance Contracts

Through senior preservation rental assistance contracts (SPRAC), HUD awards long-term rental assistance contracts to the owners of pre-1974 Section 202 properties to preserve the affordability of these properties. Section 202 properties are multifamily housing developed for very low-income elderly persons. The pre-1974 Section 202 properties (between 1959 and 1974) were developed with a low-interest direct loan from HUD during the first phase of the Section 202 program. When these owners prepay or refinance their pre-1974 Section 202 properties, they may request project-based vouchers for any resident who is eligible[16] for the voucher program under a Section 8 contract. For any additional units not covered by a project-based voucher contract, HUD will provide SPRACs on a first-come, first-served basis to prevent the displacement of unassisted, income-eligible elderly residents. The Section 202 Supportive Housing for the Elderly Act of 2010 authorizes HUD to award SPRACs to eligible Section 202 supportive housing for the elderly properties.

To receive a SPRAC, the owner must

- have a satisfactory or higher management and occupancy review score and have no open referral to the Departmental Enforcement Center,

[16] Low-income household that earns less than 80 percent of the area's median income

- demonstrate in the refinancing request that a Section 8 contract could not cover the unit for which the owner is requesting a SPRAC,
- commit to serving very low-income elderly residents upon unit turnover,
- receive approval for and close on the refinance of the current Section 202 direct loan before the loan's mortgage maturity date, and
- comply with Federal civil rights and fair housing laws and requirements.

14. Emergency Capital Repairs Program

The Emergency Capital Repairs Program (ECRP) provides grants for substantial capital repairs to eligible multifamily projects with elderly tenants that require (1) rehabilitation; (2) modernization; or (3) retrofit of aging structures, common areas, or individual dwelling units. The eligible capital repairs must be related to items that present an immediate threat to the health, safety, and quality of life of the tenants. ECRP grants may be used to fund

- existing major building and structural components that are in critical condition and
- repairs or replacements to existing mechanical equipment to the extent that they are necessary for health and safety reasons.

Eligible applicants include

- private, nonprofit owners of Section 202 direct loan projects with or without Section 8 rental assistance,
- Section 202 capital advance projects receiving rental assistance under their PRAC,
- Section 515 rural housing projects receiving Section 8 rental assistance,
- projects subsidized with Section 221(d)(3) below-market interest mortgages,
- projects assisted under Section 236 of the National Housing Act, and
- other projects receiving Section 8 project-based rental assistance designated primarily for occupancy by the elderly.

These projects must have closed on or before January 1, 1999.

15. Mortgage Insurance for New Construction or Substantial Rehabilitation of Nursing Homes, Intermediate Care Facilities, Board and Care Homes, and Assisted Living Facilities (Section 232)

Section 232 is an FHA mortgage insurance program that insures HUD-approved lenders against financial loss from mortgage defaults. Section 232 insurance is available on mortgages that finance residential healthcare facilities, such as nursing homes, assisted living facilities, and board and care facilities. Eligible mortgages may be for the purchase, refinance, new

construction,[17] or substantial rehabilitation[18] of facilities with patients requiring (1) skilled nursing care, (2) intermediate care and related medical services, or (3) minimum but continuous care provided by licensed or trained personnel.
Eligible activities under Section 232 include

- financing the new construction and substantial rehabilitation of nursing homes, intermediate care facilities, board and care homes, and assisted living facilities;
- enabling borrowers to buy or refinance projects that do not need substantial rehabilitation with or without repairs; and
- installing fire safety equipment.

The facilities eligible for receiving Section 232 mortgage insurance include

- assisted living facilities and board and care facilities that contain no fewer than five one-bedroom or efficiency units;
- nursing, intermediate care, and board and care services that are combined in the same facility under an insured mortgage or that are in separate facilities; and
- facilities for daycare.

Eligible borrowers include investors, builders, developers, public entities (nursing homes), and private nonprofit corporations and associations. For nursing homes only, applicants may be public agencies that are licensed or regulated by a State to care for convalescents and people who need nursing or intermediate care.

16. Sections 232 and 223(f) Purchase or Refinance of Existing Healthcare and Multifamily Rental Housing

Sections 232 and 223(f) are for the purchase or refinancing, with or without repairs, of existing projects not requiring substantial rehabilitation. To be eligible, nursing homes, intermediate care facilities, board and care homes, and assisted-living facilities must have been completed or substantially rehabilitated for at least 3 years. The projects requiring a level of repairs that constitutes substantial rehabilitation are not eligible for mortgage insurance under Sections 232 and 223(f). The maximum loan term is 35 years or 75 percent of the remaining economic life of the property, whichever is less.

17. Mortgage Insurance for Refinance of Existing Healthcare and Multifamily Rental Housing (Section 223(a)(7))

Section 223(a)(7) insures loans to facilitate refinancing certain mortgages insured by FHA and to HUD-held loans on projects subject to the Multifamily Assisted Housing Reform and Affordability Act of 1997. This program insures lenders against loss on mortgage defaults.

[17] A project qualifies as new construction when (1) the construction contract includes the installation of all project and construction elements and (2) no work has been done before the issuance of the HUD firm commitment. The firm commitment is a promise by HUD to insure a mortgage for a specific borrower and property based on designated terms and conditions.

[18] Substantial rehabilitation occurs when a project undergoes substantial repairs or improvements.

Section 223(a)(7) reduces project debt service and increases cash flow by lowering the interest rate of the mortgage, extending the amortization period, or both. The increased project cash flow benefits properties and owners and reduces the risk to the FHA Insurance Fund. Section 223(a)(7) may extend up to 12 years beyond the maturity date of the existing originally insured mortgage. The term cannot extend beyond 75 percent of the remaining useful life of the project or the maximum term permitted.

The refinancing is limited to existing properties in residential use and cannot include new construction or expansion of the height or footprint of an existing building or any repairs, which involve ground disturbance. The statute does not permit equity takeouts under Section 223(a)(7). The program excludes risk-share mortgages, coinsured mortgages, and Section 202 mortgages.

18. Mortgage Insurance for 2-Year Operating Loss Loans for Healthcare Projects (Section 223(d))

Section 223(d) is a supplemental loan program that assists owners of FHA-insured projects in recouping their out-of-pocket expenditures to fund unforeseen operating deficits during the early years of the project's operation. The program insures loans to cover operating losses during the first 2 years after completion of a multifamily project operation. The operating loss is the difference between operating expenses and project income.

To be eligible for Section 223(d), the following conditions apply:

- the existing project loan must be insured under Section 232;
- the loss loan must not exceed the amount of the operating loss;
- the operating loss must have occurred within the maximum 2-year period;
- the borrower must have owned the project during the loss period;
- all funds in the initial operating deficit, if applicable, have been disbursed;
- all cost certification requirements have been satisfied;
- the borrower, operator, and management agent, as applicable, must meet the Office of Residential Care Facilities standards for project management;
- the lender on the first mortgage must consent in writing to the operating loss loans; and
- the original mortgage and the operating loss loans must be cross-defaulted.

Eligible operating expenses covered under Section 223(d) include taxes, interest, mortgage insurance premiums, hazard insurance premiums, maintenance, and expenses for salaries, supplies, and other activities for project operation.

19. Mortgage Insurance for Hospitals With Limited Rehabilitation (Sections 242 and 223(f))

Section 242-223(f) is a refinancing program for acute care hospitals that need to refinance existing capital debt and do not already have an existing FHA loan under Section 242[19] without

[19] Section 242 insures mortgages that acute care hospitals obtain from private lenders to facilitate the construction or renovation of their facilities, ranging from large teaching institutions to small rural critical access hospitals.

requiring substantial construction or rehabilitation. This program is designed to assist acute care hospitals that do not require substantial construction or rehabilitation.[20] Rather, if there is a construction component to the project, hard costs[21] may comprise no more than 20 percent of the mortgage amount. The total mortgage amount should not be more than 90 percent of the total estimated replacement cost of the hospital.

20. Mortgage Insurance for Hospitals With Repairs (Section 242-223(a)(7))

Section 242-223(a)(7) is a refinancing program that allows a hospital's existing Section 242-insured mortgage to refinance existing debt. The loan proceeds under Section 242-223(a)(7) include HUD-approved costs of improvements, upgrading, or additions that the property requires. In very limited circumstances, loan proceeds may also be used to fund critical repairs on the mortgaged property.

Home-Ownership Assistance Programs:

21. Energy-Efficient Mortgage

An energy-efficient mortgage (EEM) allows home buyers to purchase or refinance the mortgage of a principal residence and the projected cost of energy-efficient improvements through an FHA-insured mortgage. Eligible borrowers may take out an EEM loan as a 15- or 30-year fixed-rate mortgage or as an adjustable-rate mortgage from an FHA-approved lender. Energy improvements to an existing home may be installed within a limited period after the insured loan has closed, depending on the program that insures the mortgage. Energy improvements to a newly constructed home must be installed before closing. The maximum mortgage amount for a single-family unit depends on its location and is adjusted annually.

Eligible loan borrowers include individuals with satisfactory credit, enough cash to close the loan, and sufficient steady income to make monthly mortgage payments. The following types of properties are eligible under EEM, including new construction or existing one- to four-unit single-family residences:

- detached houses,
- townhouses, and
- condominiums.

22. Good Neighbor Next Door

The Good Neighbor Next Door program (GNND) offers full-time law enforcement officers, teachers, firefighters, and emergency medical technicians assistance to purchase certain single-

[20] Substantial rehabilitation involves the replacement of two or more major building components or the cost, which exceeds either 15 percent of the property's fair market value after completion of rehabilitation or $6,500 per dwelling unit.

[21] Hard costs are the costs of the construction and equipment, including construction-related fees such as architect and construction manager fees.

family properties in designated revitalization areas.[22] Eligible participants may purchase qualified homes at a 50 percent discount from the list price before the homes are listed for sale to other purchasers.

Eligible participants may apply for an FHA-insured mortgage with a downpayment of only $100. The eligible purchaser does not need to be a first-time home buyer. However, the purchaser (or spouse) cannot have owned another home for 1 year before the time a bid for purchase is submitted. If the home needs repairs, the purchaser may also use FHA's Section 203(k) mortgage program. HUD requires the borrower to execute a second mortgage and note for the discount amount. No interest or payments are required on this "silent second" mortgage if the participant lives in the home for the entire 36 months as their sole residence. After living in the GNND home for 36 months, the participant may sell the home and keep any equity and appreciation.

23. Home Equity Conversion Mortgage Program (Section 255)

The Home Equity Conversion Mortgage (HECM) program is a reverse mortgage program that enables borrowers to withdraw some of the equity in their primary residences. The borrowers may withdraw their funds in a fixed monthly amount, a line of credit, or a combination of both.

All borrowers, regardless of the interest rate type selected, may access only the greatest of 60 percent of the initial principal limit or mandatory obligations plus 10 percent of the initial principal limit during the first 12-month period of the HECM. Any existing liens on the property must be paid off at the settlement of the reverse mortgage.

The eligible borrowers must

- be 62 years of age or older,
- own the property outright or have a small mortgage balance,
- occupy the property as their principal residence,
- not be delinquent on any Federal debt,
- be able to make timely payment of ongoing property charges, and
- participate in a consumer information session given by an approved HECM counselor.

Borrowers have several obligations after the loan closes, including occupancy requirements, payments of certain property and insurance charges, and property maintenance. The borrower retains ownership of the property and may sell the home and move at any time, keeping the sales proceeds above the mortgage balance.

[22] Revitalization areas are HUD-designated geographic areas that Congress authorized under provisions of the National Housing Act. They are intended to promote "the revitalization, through expanded homeownership opportunities, of revitalization areas."

The eligible property types include

- single-family home or two- to four-unit home with one unit occupied by the borrower,
- HUD-approved condominium, and
- manufactured home that meets FHA requirements.

Unless the HECM is due and payable for other reasons, the borrower cannot be forced to sell the home to pay off the mortgage balance, even if the mortgage balance grows to exceed the value of the property.

24. Insurance for Adjustable Rate Mortgages Under Section 251

Insurance for adjustable rate mortgages (ARM) under Section 251 provides insured loans to creditworthy applicants who will be owner-occupants of the property. This program enables the participant to purchase or refinance loans with interest rates and a monthly payment that may increase or decrease during the life of the loan. The borrower and lender negotiate the initial interest rate, discount points, and the margin. FHA lenders may offer ARMs that have fixed interest rates for the first 1, 3, 5, 7, or 10 years of the mortgage. The interest rate for 1-year and 3-year insured ARMs may not be increased or decreased by more than 1 percentage point per year after the fixed-payment period is over, with a maximum change of 5 percentage points over the life of the loan. For 5-year, 7-year, and 10-year ARMs, the interest rate may change a maximum of 2 percentage points annually and 6 percentage points over the life of the loan.

Lenders are required to disclose to borrowers the nature of the ARM loan at the time of loan application. In addition, borrowers must be informed at least 25 days in advance of any adjustment to the monthly payment.

25. Insured Mortgages on Hawaiian Home Lands (Section 247)

Section 247 provides FHA-insured mortgages to increase the mortgage credit availability for low- and moderate-income Native Hawaiians to live on Hawaiian home lands. Many lenders have been reluctant to finance housing on Hawaiian home lands because the mortgage is on a homestead lease granted by the Department of Hawaiian Home Lands. However, the program’s FHA insurance minimizes the lender’s risk. Section 247 insures loans for Native Hawaiians to purchase one- to four-family dwellings located on Hawaiian home lands, similar to Section 203(b) loans with certain exceptions.

The eligible applicants include any Native Hawaiians wishing to live on Hawaiian home lands and intending to use the mortgaged property as their primary residence.

26. Loss Mitigation Program

The Loss Mitigation program assists borrowers in default or imminent default to retain their homes and reduce losses to the insurance fund caused by mortgage foreclosures. To qualify, the borrower must occupy the mortgaged property as a primary residence. If the borrower is unable or unwilling to support the mortgage debt, lenders or loan servicers must consider using other loss mitigation options, including a preforeclosure sale or a deed in place of foreclosure, before initiating legal action to foreclose on the mortgage. HUD encourages lenders or loan servicers to use loss mitigation by reimbursing associated administrative costs and by paying financial incentives.

HUD offers different loss mitigation options, which vary according to the borrower's circumstances and the program that provides the option. Lenders have flexibility in selecting the loss mitigation option appropriate for each borrower, but participation in the Loss Mitigation program for lenders is not optional. Before initiation of foreclosure, lenders must

- evaluate all defaulted borrowers for loss mitigation options eligibility,
- quickly activate appropriate loss mitigation options,
- provide housing counseling availability information,
- consider all reasonable means to assist the borrower in addressing the delinquency, and
- retain written documentation of compliance with loss mitigation requirements.

The Loss Mitigation program provides a home retention option – FHA-Home Affordable Modification Program (FHA-HAMP). FHA-HAMP helps homeowners in hardship who hold FHA-insured mortgages and qualify for FHA-HAMP. Eligible homeowners may receive up to a 30 percent partial claim of the unpaid principal balance as of the date of default combined with a loan modification.

To confirm whether the borrower is capable of making the new FHA-HAMP payment (and thus be eligible to participate in the program), the borrower must complete a trial payment plan. The trial payment plan will be for 3 months, and the borrower must make each scheduled payment on time. The borrower's monthly payment required during the trial payment plan must be the amount of the future modified mortgage payment. The lender must service the mortgage during the trial period in the same manner as it would service a mortgage in forbearance. If the borrower fails to complete the trial payment plan by making the three payments on time, the borrower is no longer eligible for FHA-HAMP.

27. Manufactured Homes Loan Insurance Under Title I

Manufactured Homes Loan Insurance (MHLI) under Title I insures loans made by private lending institutions to finance the purchase of a new or used manufactured home. The program is limited to the purchase or refinance of a manufactured home with or without the lot on which the home is placed. HUD defines a manufactured home as a transportable structure comprised of one or more modules, each built on a permanent chassis.

The home must be the principal residence of the borrower (that is, a single family), and the borrower must have at least one-half interest in the home. The borrower must agree to make the required downpayment and meet credit guidelines. The borrower and lender negotiate the interest rate. The borrower pays an upfront insurance premium, along with an annual premium based on the declining balance of the loan. The maximum loan term is 20 years and 32 days from the date of the loan. MHLI does not have income limits or a minimum credit score level.

The program is not limited to first-time home buyers, and the borrowers may use MHLI to refinance the property.

28. Mortgage Insurance for One-to-Four-Family Home (Section 203(b))

Section 203(b) provides approved lenders with mortgage insurance to protect them against the risk of default on mortgages that are made to qualified buyers who may not otherwise qualify for a conventional loan or who live in underserved areas. Section 203(b) insures loans to any person who intends to use the mortgaged property as their primary residence and is eligible to apply for an FHA-insured mortgage through FHA-approved lenders. Downpayments may be lower than conventional mortgages because the federally backed insurance allows lenders to finance up to 96.5 percent of the value of the home. This results in downpayments as low as 3.5 percent.

Home buyers may obtain FHA-insured mortgages to purchase new or existing one- to four-family homes, including condominium units, with low downpayments or to refinance existing debt on such properties. The loan may finance homes in both urban and rural areas. The loan limits change annually, based on home price estimates. Higher limits also exist for two- to four-family properties. The limits are benchmarked to the loan limits of the Government-sponsored enterprises, Fannie Mae and Freddie Mac. The lender collects from the borrower an upfront mortgage insurance premium payment, which may be financed, at the time of loan closing, as well as annual premiums that are not financed but are included in the regular mortgage payment.

29. Mortgage Insurance for Disaster Victims (Section 203(h))

Section 203(h) provides mortgage insurance to protect lenders against the risk of default on loans to qualified presidentially declared major disaster area (PDMDA) victims. Individuals are eligible for this program if their previous residences (either owned or rented) were in PDMDAs and were destroyed or damaged to such an extent that reconstruction or replacement was necessary. This program helps victims recover by making it easier for them to obtain mortgage loans and become homeowners or reestablish themselves as homeowners. Eligible individuals may use the insured loans to finance the purchase or reconstruction of a one-family dwelling that will be the principal residence of the homeowner.

Section 203(h) offers features that make home ownership more accessible. For example, the loan may not require a downpayment, and the borrower may be eligible for 100 percent financing and assistance with closing costs. The borrower must pay the prepaid expenses in cash or pay through premium pricing by the seller, subject to a limitation on seller concessions. Lenders also collect from the borrowers an upfront insurance premium (which may be financed) at the time of purchase, as well as monthly premiums that are not financed but are added to the regular mortgage payment.

30. Mortgage Insurance Programs on Indian Reservation and Other Restricted Lands (Section 248)

Many lenders have been reluctant to provide financing for housing on Indian land because of the complex title issues on Indian land. To address this issue, Section 248 provides mortgage insurance to buy, build, or rehabilitate houses on Indian land for low- and moderate-income Native Americans who meet FHA eligibility requirements, wish to live on Indian land, and intend to use the mortgaged property as their principal residence. A homeowner who purchases a house under Section 248 may apply for financing through an FHA-approved lending institution, such as a bank, savings and loan, or a mortgage company.

31. Property Improvement Loan Insurance Under Title I

Property Improvement Loan Insurance under Title I insures loans to finance improvements, alterations, and repairs of individual homes, apartment buildings, and nonresidential structures, as well as new construction of nonresidential buildings. Title I loans are fixed-rate loans, for which lenders charge interest at market rates. FHA does not subsidize the interest rates. However, some communities participate in local housing rehabilitation programs that provide reduced rate property improvement loans through Title I lenders. FHA insures private lenders against the risk of default for up to 90 percent of any single loan. The annual premium for this insurance is 1 percent of the amount advanced and multiplied by the number of years of the loan. The annual premium for this loan may be charged to the borrower separately, but a higher interest charge sometimes covers the annual premium.

To be eligible for a property improvement loan (other than a manufactured home improvement loan), the borrower must have at least a 50 percent ownership in the property. To be eligible for a manufactured home improvement loan, the borrower must have at least a 50 percent interest in the manufactured home, and the home must be the principal place of residence of the borrower.

32. Rehabilitation Loan Mortgage Insurance (Section 203(k))

Section 203(k) provides insured loans to all homeowners who can make the monthly mortgage payments for the rehabilitation and repair of single-family (one- to four-family) properties. HUD-approved mortgage lenders nationwide provide Section 203(k) loans, and FHA insures the Section 203(k) loans. Section 203(k) helps the borrowers access affordable financing. The program also protects lenders by allowing them to have the loans insured before the final condition, and the value of the property may offer adequate security.

There are two versions of the Section 203(k) program: Standard 203(k) and Limited 203(k) programs. Standard and Limited 203(k) programs finance different levels and types of repairs. Under the Standard 203(k) program, the borrowers may use their Standard 203(k) loans to finance remodeling and extensive structural repairs. The program requires a minimum repair cost of $5,000 and the use of Section 203(k) consultants.[23] Under the Limited 203(k) program, the borrowers may finance minor remodeling and nonstructural repairs. Eligible projects must not exceed $35,000, and there is no minimum repair amount. Unlike the Standard 203(k) program, the Limited 203(k) program does not require oversight by a Section 203(k) consultant.

[23] Section 203(k) consultants are professionals certified by HUD. They ensure that all FHA minimum standards are met during the Section 203(k) loan process and are in the HUD Section 203(k) consultant roster. Their duties include visiting the property, completing the work writeup-cost estimate and architectural exhibits, and performing draw request inspections.

Interested borrowers who plan to be the property's owner-occupants and have a credit score of 500 or higher are eligible for the program.

Eligible borrowers may use a Section 203(k) loan to

- finance the rehabilitation of an existing property,
- finance the rehabilitation and refinancing of the outstanding indebtedness of a property, and
- finance the purchase and rehabilitation of a property.

The loan amount is limited by the lesser of (1) the value of the property before rehabilitation plus the cost of rehabilitation or (2) 110 percent of the appraised value of the property after rehabilitation. In certain circumstances, a unit of local government may be able to demonstrate to the Federal Housing Commissioner that the loan limitations should not apply.

33. Self-Help Housing Property Disposition

The Self-Help Property Disposition program offers States, their subdivisions and instrumentalities, and nonprofit organizations the opportunity to buy HUD properties that are in inventory at less than fair market value. The property must be used for self-help housing for low-income persons. Residents of the property must make a substantial contribution of labor toward the construction, rehabilitation, or refurbishment of the property.

34. Mortgage Insurance for Older, Declining Areas (Section 223(e))

Section 223(e) insures loans for borrowers to purchase or rehabilitate housing in older, declining urban areas with a need for affordable housing for low- and moderate-income families. Section 223(e) may insure a mortgage for the rehabilitation, construction, or purchase of properties in older, declining, but still viable urban areas where the properties cannot meet normal requirements for mortgage insurance. Properties must be in a reasonably viable neighborhood, and their risk should be acceptable under the mortgage insurance regulations. The terms of the loans vary according to the HUD FHA program that insures the mortgages. HUD determines whether the loan should be insured under Section 223(e) and become an obligation of the Special Risk Insurance Fund. This practice allows HUD to more effectively manage the greater expected risk in these loans. Section 223(e) is still available, but activity has been limited.

35. HUD Real Estate-Owned Purchasing Program (Section 204(g))

Section 204(g) offers eligible individuals the opportunity to buy one- to four-family properties that FHA acquired through foreclosure. Section 204(g) aims to develop home-ownership opportunities, strengthen neighborhoods and communities, and minimize the losses to the mortgage insurance funds. Individual parties must submit an offer through the HUD Home Store website using a real estate broker registered with HUD. Nonprofit and government entities may purchase properties at a discount without a real estate broker.

Individual bidders are eligible if they can show available funds or finance their home purchase. Nonprofit and government entities are eligible for special programs.

36. Hospitals (Section 242)

Section 242 insures loans that FHA-approved private lenders make to facilitate the construction of a new acute care hospital, rehabilitation of an existing acute care hospital, the acquisition of an existing hospital, or the refinancing of the capital debt of an existing hospital. Recipients range in size from large urban teaching hospitals to small rural critical access hospitals.[24] Facilities must have a proper license, provide primarily acute patient care, and be able to demonstrate the need for the project.

Existing hospital projects are also eligible for refinancing. Eligible participants include public, proprietary, and nonprofit acute care hospitals licensed or regulated by the State.

37. Mortgage Insurance for Cooperative Housing (Section 213)

Section 213 insures loans made by private lending institutions on cooperative housing projects of five or more dwelling units made available for the members of nonprofit cooperative ownership housing corporations. These loans may finance the following activities:

- new construction, rehabilitation, acquisition, improvement, or repair of a project already owned and resale of individual memberships;
- construction of projects composed of individual family dwellings to be bought by individual members with separate insured mortgages; and
- construction or rehabilitation of projects that the owners intend to sell to nonprofit cooperatives.

Eligible participants for Section 213 include

- nonprofit cooperative ownership housing corporations or trusts organized to construct homes for members of the corporation or beneficiaries of the trust and
- qualified sponsors who intend to sell the project to a nonprofit corporation or trust.

<u>Programs Providing Both Rental and Home-Ownership Assistance:</u>

38. Mortgage Insurance for Manufactured Home Parks (Section 207)

Section 207 insures loans to finance construction or rehabilitation of manufactured home parks. FHA insures mortgages that private lending institutions make to help finance construction or rehabilitation of manufactured home parks consisting of five or more spaces. Eligible manufactured home parks must be in a HUD-approved area in which market conditions show a need for such housing. The eligible participants include investors, builders, developers, cooperatives, and others meeting HUD's requirements.

[24] Critical access hospitals are hospitals with 25 beds or fewer, which have received that designation by States and the U.S. Department of Health and Human Services.

39. Congregate Housing Services Program

The Congregate Housing Services Program (CHSP) provides grants to eligible housing projects for (1) frail elderly persons who are 62 years of age or older (2) disabled persons, and (3) temporarily disabled persons who are residents of federally subsidized housing and unable to perform at least three daily living activities. An independent professional assessment committee works with a coordinator whom the grantee appointed to determine individual eligibility for services and recommend a service package to the housing management. HUD has neither solicited nor funded applications for new grants under CHSP since 1995, but Congress has provided funds to extend expiring grants annually.

CPD's Housing Assistance Programs

As of 2018, CPD administered 16 active housing assistance programs. Of the 16 housing assistance programs, 5 programs provided rental assistance, 1 program provided home-ownership assistance, and 10 programs provided both types of housing assistance. For FY 2018, Congress appropriated approximately $35.66 billion to CPD's housing assistance programs. From FY 2014 to FY 2018, Congress appropriated approximately $64.89 billion to these housing assistance programs.

<u>Rental Housing Assistance Programs:</u>

40. Emergency Solutions Grant Program

The Emergency Solutions Grant (ESG) program provides grants by formula to States, metropolitan cities, urban counties, and U.S. territories for eligible activities. Metropolitan cities and urban counties are eligible if, after applying the formula, their allocation is greater than 0.05 percent of the funds appropriated.

The eligible activities for this program generally include

- essential services related to emergency shelter and street outreach,
- rehabilitation and conversion of buildings to be used as emergency shelters,
- operation of emergency shelters,
- short-term and medium-term rental assistance for individuals and families who are homeless or at risk of homelessness,
- housing relocation and stabilization services for individuals and families who are homeless or at risk of homelessness, and
- Homeless management information system (HMIS) participation costs.

41. Federal Surplus Property for Use To Assist Persons Experiencing Homelessness (Title V)

Title V of the McKinney-Vento Homeless Assistance Act enables eligible organizations to use unutilized, underutilized, excess, or surplus Federal properties to assist persons experiencing homelessness. Eligible organizations include States, local governments, and nonprofit organizations.

Under Title V, HUD

- gathers data from Federal landholding agencies about their unutilized, underutilized, excess, and surplus properties and determines which are suitable for assisting persons experiencing homelessness;
- reviews property information that the landholding agency submits to HUD; and
- posts a weekly suitability determination listing on the HUD Exchange.

After HUD posts that a property on the suitability determination list is suitable and available, eligible applicants have 30 days to notify the U.S. Department of Health and Human Services of their interest in a property because it is responsible for the conveyance process for the Title V program. If HUD determines that a property on the list is unsuitable, a homeless service provider has 20 days from the date HUD posted the suitability determination to submit an appeal to HUD.

42. Housing Opportunities for Persons With Acquired Immunodeficiency Syndrome (AIDS) Program

The Housing Opportunities for Persons With AIDS (HOPWA) program provides grants to States, local communities, and nonprofit organizations for projects that benefit low-income persons living with the human immunodeficiency virus (HIV) or AIDS and their families. By providing housing assistance and related services, the HOPWA program aims to

- contribute to housing stability,
- reduce risks of homelessness,
- improve health outcomes through increased access to care, and
- prevent the transmission of HIV.

Grants may be used to assist with various forms of housing, including permanent, emergency, and transitional housing; shared housing arrangements; community residences; and SRO dwellings. Appropriate supportive services must be provided as part of any HOPWA-assisted housing.

Eligible grant activities include

- housing information services, resource identification, and permanent housing placement;
- acquisition, rehabilitation, conversion, lease, and repair of facilities to provide housing and services;
- new construction for SROs and community residences only;

- project- or tenant-based rental assistance, including assistance for shared housing arrangements;
- short-term rent, mortgage, and utility payments;
- operating costs for housing;
- technical assistance for community residences;
- administrative expenses; and
- supportive services, including case management.

43. Rural Housing Stability Assistance Program

The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 created the Rural Housing Stability Assistance Program (RHSAP) to replace the Rural Homelessness Grant Program. RHSAP provides grants competitively for rural counties in lieu of grants under the Continuum of Care Program (CoC). This program focuses on the homeless issues that are unique to rural areas. RHSAP provides rehousing or improves the housing situations of individuals and families who are homeless or at risk of homelessness. Specifically, RHSAP provides

- competitively awarded grants for rent, mortgage, or utility assistance;
- security deposits;
- relocation assistance;
- short-term emergency lodging;
- construction of new housing units to provide transitional or permanent housing;
- acquisition or rehabilitation of a structure to provide nonemergency transitional or permanent housing;
- property leasing;
- rehabilitation and repairs of participant-owned housing;
- supportive services;
- use of Federal inventory property;
- capacity building;
- data collection costs;
- administrative costs;
- rental assistance; and
- payment of operating costs for assisted housing units.

The eligible activities under RHSAP include

- providing rehousing and other help for individuals moving from emergency or transitional shelters to permanent housing,
- improving the housing situations of individuals and families who are homeless or in the worst housing situations in the geographic area,
- stabilizing the housing of individuals and families who are in imminent danger of losing housing, and
- improving the ability of the lowest income residents of the community to afford stable housing.

Private nonprofit entities and county and local governments are eligible to receive a grant under this program.

44. Rapid Re-Housing for Victims of Domestic Violence Program

The Rapid Re-Housing for Victims of Domestic Violence program (Rapid Re-Housing) provides housing assistance for people fleeing domestic violence, dating violence, sexual assault, and stalking and victims of human trafficking. Rapid Re-Housing sets aside funding for domestic violence, but the funding is processed and managed through CoC notices of funding availability. The FY 2018 CoC notice of funding availability included a $50 million domestic violence bonus for

- permanent housing-rapid rehousing (PH-RRH) projects,
- joint transitional housing and PH-RRH component projects, and
- supportive services only for coordinated entry projects.

Home-Ownership Assistance Program:

45. Self-Help Homeownership Opportunity Program

The Self-Help Homeownership Opportunity Program (SHOP) provides Federal grants on a competitive basis to national and regional nonprofit organizations and consortia (contiguous units of local governments with a binding joint agreement) that have experience in administering self-help home-ownership housing programs. Eligible activities under SHOP include

- purchasing homesites and
- developing or improving the infrastructure needed to set the stage for sweat equity and volunteer-based home-ownership programs for low-income persons and families.

Eligible grantees or their affiliates must use the grants for eligible expenses related to developing nonluxury housing for families and persons who otherwise would be unable to afford to purchase a home.

Home buyers must be low income. Eligible uses of grant funds are limited to

- land acquisition, including financing and closing costs;
- infrastructure improvements, including installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure; and
- planning and administration costs up to 20 percent of the grant amount.

Under SHOP, total land acquisition and infrastructure improvement costs cannot exceed an average of $15,000 per unit. Home buyers must contribute a significant amount of sweat equity toward the construction or rehabilitation of their homes. SHOP also requires community participation through volunteers who assist the home buyers with the construction or rehabilitation of their homes. Assisted units must be decent, safe, and sanitary nonluxury dwellings that comply with all State and local codes, ordinances, and zoning requirements, as well as Federal accessibility requirements. These units must be sold to eligible low-income home buyers at prices below the prevailing market price. Applicants must have completed at least 30 units of self-help home-ownership housing within the last 24 months in an area consisting of at least two States.

Programs Providing Both Rental and Home-Ownership Assistance:

46. Capacity Building for Community Development and Affordable Housing (Section 4)

Section 4 provides competitive grants to national nonprofit intermediary groups to develop the capacity and ability of community development corporations (CDC) and community housing development organizations (CHDO). Grantees use Section 4 grants to assist CDCs and CHDOs to carry out community development and affordable housing activities that benefit low-income families. CDCs and CHDOs provide

- direct operational support, loans, grants, and predevelopment assistance to subgrantee CDCs and CHDOs and
- training and education to develop the capacity and ability of CDCs or CHDOs to undertake community development and affordable housing projects and programs.

Grantees concentrate on neighborhood-based nonprofit CDCs and CHDOs that have as part of their mission the holistic improvement of the neighborhood for the benefit of low-income families. Private sources must provide a match three times the amount of any assistance provided under Section 4. Although the Demonstration Act of 1993 lists five eligible grantees, some appropriations acts have limited eligible grantees to

- Local Initiatives Support Corporation,
- Enterprise Community Partners, Inc., and
- Habitat for Humanity International.

47. Community Development Block Grant Insular Areas Program

The Community Development Block Grant (CDBG) Insular Areas program provides funding to help U.S. territories meet their housing and community development needs. This program provides annual grants to four U.S. territories: American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Marianas Islands.

Participating insular areas develop their own programs and funding priorities and consult with local residents before making final decisions. All CDBG activities must meet at least one of the following national objectives:

- benefit low- and moderate-income persons,
- aid in the prevention or elimination of slums and blight, or
- meet certain urgent community development needs.

Eligible activities include

- acquisition of real property;
- rehabilitation of residential and nonresidential properties;
- provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers;
- clearance, demolition, and removal of buildings and improvements;
- home-ownership assistance; and
- assistance to for-profit businesses for economic development activities.

A grantee must spend at least 70 percent of the funds for activities that benefit low- and moderate-income persons over a period specified by the grantee. The specified period must not exceed 3 years.

48. CDBG (Entitlement) Program

The CDBG (Entitlement) program provides funding to help metropolitan cities and urban counties meet their housing and community development needs.[25] The program provides annual grants on a formula basis to entitlement communities to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.

Entitlement communities develop their programs and funding priorities and consult with residents before making final decisions. All CDBG activities must meet at least one of the following national objectives:

- benefit low- and moderate-income persons,
- aid in the prevention or elimination of slums and blight, or
- meet certain urgent community development needs.

Eligible activities include

- the acquisition of real property;
- rehabilitation of residential and nonresidential properties;
- provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers;
- public services;
- clearance;

[25] Metropolitan cities are principal cities of metropolitan statistical areas (MSA) or other cities that have populations of at least 50,000. Generally, urban counties are counties within MSAs that have a population of 200,000 or more, excluding the population of entitlement cities within their boundaries.

- home-ownership assistance; and
- assistance to for-profit businesses for economic development activities.

To receive its annual CDBG Entitlement grant, a grantee must develop and submit a consolidated plan to HUD. A consolidated plan is a jurisdiction's comprehensive planning document and application for funding under the following CPD formula grant programs:

- CDBG,
- HOME Investment Partnerships,
- HOPWA, and
- ESG.

In its consolidated plan, the jurisdiction must identify its planned use of funds and the goals for these programs and affordable housing. The goals then serve as the criteria against which HUD evaluates a jurisdiction's performance under the plan.

49. Community Development Block Grant Disaster Recovery Assistance

The CBDG Disaster Recovery program (CDBG-DR) provides flexible grants to help communities recover from presidentially declared disasters, especially in low- and moderate-income areas. HUD generally awards noncompetitive, nonrecurring CDBG-DR grants, using a formula that considers disaster recovery needs that are unmet by other Federal disaster assistance programs.[26] The funding for this program is not permanently authorized. When major disasters occur, Congress may appropriate additional funding for the CDBG program as disaster recovery grants to rebuild the affected areas and provide crucial seed money to stimulate recovery. Past appropriations have provided funds for disaster relief, long-term recovery, restoration of infrastructure, housing, economic revitalization, and mitigation.

Generally, CDBG requirements apply unless modified by an appropriations statute, waiver, or alternative requirement. CDBG-DR assistance is also subject to some of the requirements of the Robert T. Stafford Disaster Relief and Emergency Assistance Act that apply to Federal disaster assistance. Some appropriations acts have restricted recipients to States or geographically limited the use of funds to the most impacted and distressed areas within counties with major disaster declarations. Because CDBG funds a broad range of activities, CDBG-DR assistance helps communities and neighborhoods that otherwise might not recover due to limits on other resources.

50. Section 108 Loan Guarantee Program (Section 108)

Section 108 is the loan guarantee provision of the CDBG program that offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects. Loans may be for terms of up to 20 years. Under Section 108, entitlement communities may receive loan guarantees

[26] CDBG-DR grants supplement insurance and disaster programs of the Federal Emergency Management Agency, the Small Business Administration, and the U.S. Army Corps of Engineers.

equal to five times their CDBG amount. Communities in non-entitlement areas may receive loan guarantees equal to five times the State's grant under the CDBG program. As Section 108-funded projects involve CDBG, each Section 108 activity must meet CDBG's primary objectives by achieving at least one of the three national objectives.[27]

Eligible activities include

- real property acquisition;
- rehabilitation of property owned by the applicant public entity or its designated public agency;
- housing rehabilitation eligible under the CDBG program;
- special economic development activities under the CDBG program;
- interest payments on the guaranteed loan and issuance costs of the public offering;
- acquisition, construction, reconstruction, rehabilitation or historic preservation, or installation of public facilities;
- acquisition, construction, reconstruction, rehabilitation, or installation of public works and sites in colonias;[28]
- debt service reserves for repayment of the Section 108 loan;
- payment of fees charged by HUD to pay the credit subsidy cost of the loan guarantee; and
- other related activities, including relocation assistance, demolition, and clearance.

Eligible applicants include the following public entities:

- States;
- metropolitan cities and urban counties (in other words, CDBG entitlement recipients);
- non-entitlement communities under the State CDBG program; and
- non-entitlement communities that are eligible to receive CDBG funds under the HUD-administered Small Cities CDBG program, such as Hawaii.

The public entity may be the borrower, or it may designate a public agency as the borrower. The applicant must pledge its current and future CDBG grant funds as security for the repayment of the guaranteed note. HUD requires additional security for each Section 108 note on a case-by-case basis. Congress has directed HUD to collect fees from borrowers to result in a credit subsidy cost of zero for guaranteeing loans. The program regulations establish fee collection procedures when HUD is required or authorized to collect fees from borrowers to cover the credit subsidy cost of guaranteed loans.

[27] The primary objective of the CDBG program is to develop viable communities by providing decent housing, a suitable living environment, and better access to economic opportunities, mainly for low- and moderate-income persons. The CDBG program's three national objectives are (1) benefiting low- and moderate-income persons, (2) preventing or eliminating slums or blight, and (3) meeting urgent needs.
[28] Colonias refers to "an unincorporated settlement (as of Mexican-Americans or Mexicans) in the United States, usually near the Mexican border, that typically has poor services and squalid conditions."

51. Community Development Block Grants for States and Small Cities in Non-Entitlement Areas

The Community Development Block Grants for States and Small Cities in Non-Entitlement Areas (States and Small Cities CDBG) program provides funding to help States and units of local government in non-entitlement areas meet their housing and community development needs.[29] The States and Small Cities CDBG program provides grants to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.
All CDBG activities must meet at least one of the following national objectives as mentioned previously:

- benefit low- and moderate-income persons,
- aid in the prevention or elimination of slums and blight, or
- meet certain urgent community development needs.

Eligible grantees must use no less than 70 percent of the funds for activities that benefit low- and moderate-income persons over a period specified by the State, not exceeding 3 years.

Eligible activities include

- acquisition of real property;
- rehabilitation of residential and nonresidential properties;
- provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers;
- clearance, demolition, and removal of buildings;
- home-ownership assistance; and
- assistance to for-profit businesses for economic development activities.

Forty-nine States and Puerto Rico are eligible to receive grant funds for distribution to non-entitlement units of government. Hawaii has elected not to administer funding under the State CDBG program. In Hawaii, HUD awards the funds directly to the three eligible non-entitlement counties using statutorily determined formula factors.

52. Continuum of Care Program

CoC helps people who are homeless or at imminent risk of homelessness by supporting a communitywide response to end homelessness. HUD designed CoC to

- promote communitywide commitment to end homelessness;
- fund nonprofit providers' and State and local governments' efforts to quickly rehouse homeless individuals and families, while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness;

[29] Non-entitlement areas include those units of general local government, which do not receive CDBG funds directly from HUD. Non-entitlement areas are cities with populations of less than 50,000 (except cities that are designated principal cities of MSAs) and counties with populations of less than 200,000.

- promote access to and effect the use of mainstream programs by homeless individuals and families; and
- optimize self-sufficiency among individuals and families experiencing homelessness.

CoC competitively awards grants for CoC planning costs, unified funding agency costs, acquisition, rehabilitation, new construction, leasing, rental assistance, supportive services, and operating costs; HMIS; and project administration costs.

The program participants may use CoC funds for projects under five program components: permanent housing, transitional housing, supportive services only, HMIS, and homelessness prevention for CoCs designated as high-performing communities. Eligible applicants include States, local governments, and private nonprofit organizations. The instrumentalities of State and local governments are eligible to apply if the CoC has selected them for the geographic area in which they operate.

53. Homeless Assistance Programs Previously Authorized Under the McKinney-Vento Homeless Assistance Act

On May 20, 2009, the President signed the HEARTH Act of 2009 into law. Before the HEARTH Act, three programs received grants through McKinney-Vento Homeless Assistance Act (McKinney-Vento): (1) the Moderate Rehabilitation SRO Program (Mod Rehab SRO), (2) Shelter Plus Care (S+C), and (3) the Supportive Housing Program (SHP). HEARTH repealed Mod Rehab SRO and consolidated S+C and SHP into a single grant program – CoC. Beginning in FY 2012, HUD stopped funding new grants for those programs and instead funded CoC, as discussed above.

Under Mod Rehab SRO, HUD entered into annual contributions contracts with PHAs in connection with the moderate rehabilitation of residential properties. These PHAs made Section 8 rental assistance payments to participating landlords on behalf of homeless individuals who rented the rehabilitated dwellings. The rental assistance payments compensate the owners for the cost of rehabilitation as well as the other costs of owning and maintaining the property. At the same time, each unit needs a minimum of $3,000 in eligible rehabilitation to qualify for the program. The Mod Rehab SRO projects no longer receive grants through McKinney-Vento, and no new rehabilitation commitment is authorized under Mod Rehab SRO. However, existing Mod Rehab SRO projects may renew their grants through the Tenant-Based Rental Assistance program.

S+C was formerly authorized under Title IV, subtitle F, of McKinney-Vento. S+C provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol or drugs, AIDS, or related diseases. Rental assistance is provided through four S+C components:

1. Tenant-based rental assistance provides rental assistance to homeless persons who select the housing in which they reside. Residents retain the assistance if they move.

2. Sponsor-based rental assistance provides rental assistance through contracts between the grant recipient and a sponsor organization.[30]
3. Project-based rental assistance provides rental assistance to the owner of an existing structure where the owner agrees to lease the units to homeless people. Residents do not take the assistance with them if they move.
4. SRO units provide grants for rental assistance.

Although all S+C projects stopped receiving grants in FY 2012, a few S+C projects are still operating under grants they received through McKinney-Vento as of FY 2019. When these S+C projects become eligible for renewal, they will be renewed under CoC.
SHP promoted the development of supportive housing and supportive services to assist homeless persons in transitioning from homelessness and the provision of supportive housing to enable homeless persons to live as independently as possible. Eligible activities under SHP include

- acquisition and rehabilitation,
- new construction,
- leasing,
- supportive services,
- operating costs,
- administrative costs, and
- development or implementation of HMIS.

All SHP grants have been closed, and no new grants are eligible for new funding.

54. HOME Investment Partnerships

The HOME program provides the largest Federal block grant to State and local governments, designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants to participating jurisdictions. The program's flexibility allows States and local governments to use HOME funds for grants; direct loans; loan guarantees; and other forms of credit enhancements, rental assistance, or security deposits. The program funds a wide range of activities, including building, buying, and rehabilitating affordable housing for rent or home ownership, and providing direct rental assistance to low-income people.

The HOME program provides formula grants to States, local jurisdictions, insular areas, and consortia.

[30] Sponsor organizations include private nonprofit sponsors or community mental health agencies established as public nonprofit entities that own or lease dwelling units.

55. Housing Trust Fund

The Housing Trust Fund (HTF) provides grants to States, the Commonwealth of Puerto Rico, the District of Columbia, and insular areas to construct, rehabilitate, and preserve permanent rental and home-ownership housing, primarily for extremely low- and very low-income families. Under HTF, the States may distribute the money according to a State plan to State-designated entities or subgrantees for further distribution within a State or directly to qualified recipients, such as nonprofit and for-profit organizations.

At least 80 percent of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to 10 percent may be used for the following home-ownership activities for first-time home buyers:

- production, preservation, and rehabilitation or
- downpayment assistance, closing cost assistance, and assistance for interest rate buy-downs.

Eligible activities and expenses include

- real property acquisition,
- site improvements and development hard costs,
- related soft costs,
- demolition,
- financing costs, and
- relocation costs.

Up to one-third of the annual formula allocation may be used for operating cost assistance for rental housing, and up to 10 percent of the formula allocation may be used for reasonable administrative and planning costs. Eligible forms of assistance include

- equity investments,
- interest-bearing loans or advances,
- non-interest-bearing loans or advances,
- interest subsidies,
- deferred payment loans,
- grants, and
- other forms of assistance approved by HUD.

HTF-assisted rental housing units must have a minimum affordability period of 30 years. The affordability period for home-ownership housing ranges from 10 to 30 years, depending on the amount of the per-unit home-ownership assistance. The program regulations also require grantees to establish maximum per-unit subsidy limits and to conduct independent underwriting and subsidy-layering reviews before committing program funds to a project. HTF-assisted home-buyer housing is subject to resale or recapture requirements.

PIH's Housing Assistance Programs

As of 2018, PIH administered 12 housing assistance programs. Of the 12 housing assistance programs, 3 programs provided rental assistance, 3 programs provided home-ownership assistance, and 6 programs provided both types of housing assistance. For FY 2018, Congress appropriated approximately $30.51 billion to PIH's housing assistance programs. From FY 2014 to FY 2018, Congress appropriated approximately $138.44 billion to PIH's housing assistance programs.

<u>Rental Housing Assistance Programs:</u>

56. Section 8 Moderate Rehabilitation Program

The Section 8 Moderate Rehabilitation program (Mod Rehab) aims to upgrade substandard rental housing. Mod Rehab provides project-based rental assistance for low-income families, but it is not a component of the Housing Choice Voucher Program (HCV). PHAs administer the program locally.

Under the Mod Rehab program, PHAs enter into HAP contracts with property owners, who agree to upgrade (in other words, moderately rehabilitate) their properties and rent these units to eligible families. According to 24 CFR (Code of Federal Regulations) 882.102, moderate rehabilitation involves rehabilitating a unit that costs at least $1,000 to

- upgrade to decent, safe, and sanitary condition to comply with HUD's housing quality standards or HUD's other standards for housing quality from a condition below these standards (in other words, improvements of a modest nature and other than routine maintenance) or
- repair or replace major building systems or components in danger of failure.

Under the Mod Rehab program, participating families generally pay 30 percent of their income for rent, and the PHAs pay the difference between the approved contract rent and the families' contribution to the rent.

Low-income and very-low income families are eligible to apply for the Mod Rehab program. PHAs determine the eligibility of the families and place selected families on their HCV or separate Mod Rehab waiting list. When vacancies occur in Mod Rehab projects, PHAs refer eligible families from their waiting list to property owners who agreed to provide their rehabilitated units to these families. The property owners screen and select families to occupy a particular unit.

No new rehabilitation commitments are authorized under the Mod Rehab program, but the remaining vouchers (approximately 16,000) are being renewed annually.

57. Public Housing Capital Fund Program

The Public Housing Capital Fund program (Capital Fund) provides grants to PHAs to carry out eligible capital and management activities. These activities include physical work done on the physical structures, site, and grounds of a public housing property or structure. Examples of such activities include but are not limited to demolition, altering of the interior space of buildings, activities designed to promote energy conservation and efficiency, maintenance, and vacancy reduction.

The Capital Fund allows PHAs to spend grant funds on soft costs that do not impact the physical structures. Examples of such soft costs may include

- Capital expenditures to facilitate programs designed to promote the economic self-sufficiency of public housing residents.
- Noncapital activities to improve the operation or management of the PHAs.
- Resident relocation and other assistance required as a direct result of modernization, development, rehabilitation, demolition, disposition, reconfiguration, acquisition, an emergency, or a non-presidentially declared natural disaster.
- Capital expenditures designed to improve the security and safety of residents. Eligible activities include security cameras, security lights, security equipment, surveillance equipment, and training of in-house security personnel as a management improvement.
- Other costs including administrative costs (such as salaries, employee benefit contributions, and litigation expenses) and Capital Fund fees (such as the costs of the PHA’s annual audit).

All PHAs that have public housing units under an annual contributions contract and have the contract entered into HUD’s data systems are eligible to receive Capital Fund grants.

58. Public Housing Operating Fund Program

The Public Housing Operating Fund program (Operating Fund) awards annual grants to PHAs for operations and management. A PHA may use operating funds for operating and management costs, including

- administration,
- routine maintenance,
- anticrime and antidrug activities,
- resident participation in management,
- insurance costs,
- energy costs, and
- costs related to the operation and management of mixed-finance projects and repayment of debt service to finance rehabilitation and development of public housing units.

Nontroubled PHAs that own or operate fewer than 250 housing units have full discretion in how they allocate these grants between capital and operating funds. However, overall troubled or

Capital Fund troubled PHAs[31] are ineligible to use their capital or operating funds flexibly.[32] All PHAs may use up to 20 percent of their Operating Fund for Capital Fund activities. All PHAs are eligible to apply for the Operating Fund.

Home-Ownership Assistance Programs:

59. Public Housing Homeownership Program (Section 32)

Section 32 of the U.S. Housing Act of 1947 established the Public Housing Homeownership program, which allows PHAs to sell public housing units to low-income families as their principal residence and gives preference to current residents of the unit(s) being sold. Under this program, PHAs may sell individual units and developments that may be more suitable for home ownership than rental housing based on their location or configuration.

Eligible low-income families may earn up to but not exceed 80 percent of the area median family income. Each family purchasing housing must pay a minimum downpayment that is not less than 1 percent of the purchase price of the housing. In addition to low-income families, purchase and resale entities may purchase units from PHAs under this program.[33]

60. Section 184 Indian Home Loan Guarantee Program

This program provides a home mortgage product specifically designed for American Indian and Alaska Native families, Alaska villages, tribes, or tribally designated housing entities. Congress established the program in 1992 to facilitate home ownership and increase access to capital in Native American communities. With Section 184 financing, borrowers can own a home with a low downpayment and flexible underwriting. The borrowers may use the Section 184 loans to construct, acquire, refinance, or rehabilitate single-family housing located on and off native lands.

The Office of Loan Guarantee within HUD's Office of Native American Programs guarantees the Section 184 home mortgage loans made to Native borrowers. The loan guarantee assures the lender that its investment will be repaid in full in the event of foreclosure. The loan is limited to single-family housing (one to four units) and fixed-rate loans for 30 years or less.

Eligible borrowers include

- American Indians or Alaska Natives who are members of a federally recognized tribe;
- federally recognized Indian tribes, as of July 23, 2018;
- tribally designated housing entities; and
- Indian housing authorities.

[31] A PHA is designated as overall troubled if it has an overall Public Housing Assessment System score of less than 60. A PHA is designated Capital Fund troubled if it has a Capital Fund indicator PHAS score of less than 50 percent.

[32] The "full flexibility" allows eligible PHAs with less than 250 housing units to undertake larger project improvements using capital or operating funds.

[33] Purchase and resale entities are entities that acquire units from PHAs for resale to low-income families.

61. Loan Guarantees for Native Hawaiian Housing Loan Guarantee Program (Section 184A)

The Hawaiian Homelands Homeownership Act of 2000 added a new Section 184A to the Housing and Community Development Act of 1992, which authorized the Native Hawaiian Housing Loan Guarantee Program. Section 184A provides access to additional sources of private mortgage financing to Native Hawaiian families who cannot otherwise acquire housing financing because of the unique legal status of the Hawaiian home lands or their lack of access to private financial markets. Participating families may use Section 184A loans to construct, acquire, or rehabilitate housing located on the Hawaiian home lands. Section 184A is limited to owner-occupant single-family dwellings located on Hawaiian home lands.

Eligible applicants include

- Native Hawaiian families,
- the Department of Hawaiian home lands,
- the Office of Hawaiian Affairs, and
- private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians.

<u>Programs Providing Both Rental Housing and Home-Ownership Assistance:</u>

62. HCV

HCV offers both tenant- and project-based rental assistance. The following components of HCV provide rental assistance:

- Tenant-based HCV,
- Tenant Protection HCV
- Project-Based Voucher Program (PBV),
- Family Unification Program,
- Mainstream Voucher Program, and
- HUD-Veterans Affairs Supportive Housing (HUD-VASH) voucher program

The HCV home-ownership program is a component of the HCV program that provides home-ownership assistance.

62a. Tenant-Based HCV

The tenant-based HCV is a component of HCV that provides rental assistance. The tenant-based HCV assists very low-income families, the elderly, and the disabled in affording decent, safe, and sanitary housing in the private market. The tenant-based rental assistance is attached to the voucher holder, and it moves with the tenant. In other words, a family receiving a tenant-based housing choice voucher may take its voucher and move to another rental property if it no longer wishes to rent a particular unit. Under the tenant-based HCV, a participant is free to choose any housing, including single-family homes, townhouses, and apartments, the owner of which agrees to rent under HCV, and is not limited to units located in subsidized housing projects. Rental units may include the family's present residence and must meet the minimum standards of health and safety of the program.

Local PHAs administer the tenant-based HCV and enter into HAP contracts with the owner of a unit occupied by a tenant-based HCV participant. Under the HAP contract, the PHA pays the landlord directly on behalf of the participating family leasing a specified unit. Then, the family pays the difference between the actual rent charged by the landlord and the amount subsidized under the tenant-based HCV.

In general, the family under the tenant-based HCV must pay 30 percent of its monthly adjusted gross income for rent and utilities. If the unit rent is greater than the payment standard, the family must pay the additional amount. By law, a family may not pay more than 40 percent of its adjusted monthly income for rent whenever it moves to a new unit where the rent exceeds the payment standard. PHAs determine a payment standard. The payment standard is the average rent price for a moderately priced dwelling unit in the local housing market. PHAs use the payment standard to calculate the amount of housing assistance a family will receive.

The tenant-based HCV allows families to move without losing their HCV benefits, and moves are permissible as long as the family (1) notifies the PHA ahead of time, (2) terminates its existing lease within the lease provisions, and (3) finds acceptable alternate housing.

PHAs determine eligibility for the tenant-based HCV based on the total annual gross income and family size. Eligibility is limited to U.S. citizens and specified categories of noncitizens with eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, a PHA must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area median income. Once a PHA determines that a family is eligible to receive a tenant-based housing choice voucher, the PHA will put the family on a waiting list. Once the family's name is reached on the waiting list, the PHA will issue the family a tenant-based housing choice voucher.

62b. Tenant Protection HCV Program

Tenant protection vouchers (TPV) protect low-income residents who may lose their subsidy assistance through no fault of their own. The tenants are eligible to receive TPVs if their landlords:

- opt out of an existing contract;
- face enforcement action by HUD, which may end project-based assistance; or
- prepay certain mortgages.

Enhanced vouchers are a form of TPVs that allow the tenants to remain in their units when their rents are higher than the local voucher payment standard. PHAs administer TPVs locally.

62c. Project-Based Voucher Program Under HCV

PBV is a component of HCV, which provides project-based rental assistance. PBV provides housing choice vouchers that are tied to the specified units, and participating families cannot keep their PBV benefit once they move from the unit. A PHA may use up to 20 percent of its housing choice vouchers for PBV units in a specified development if the project owner agrees to either (1) rehabilitate or construct the units or (2) set aside a portion of the units in an existing development for low-income families to rent. Under PBV, a PHA enters into an assistance contract with the project owner for specified units and a specified term. The PHA refers families from its PBV waiting list to the project owner to fill vacancies.

The initial term of each tenant lease under PBV must be at least 1 year, but the family may terminate the lease at any time after the first year of occupancy. The family may switch to the PHA’s tenant-based HCV when the next voucher is available or to another comparable program if it is available. Any family on a PHA’s HCV waiting list that is interested in moving into the specified project is eligible to receive project-based vouchers.

62d. Family Unification Program Under HCV

The Family Unification Program is a component of HCV that provides special-purpose vouchers[34] to families who are in imminent danger of losing their children to foster care placement or are unable to regain custody of their children from foster care primarily due to their lack of adequate housing. The Family Unification Program also provides special-purpose vouchers to eligible youth between 18 and 24 years of age who

- left foster care at age 16 or older or will leave foster care within 90 days[35] and
- are homeless or at risk of becoming homeless at age 16 or older.

PHAs administer the Family Unification Program in partnership with public child welfare agencies (PCWA). PCWAs determine whether families and youth meet these criteria and refer them to the PHA. PHAs then determine their eligibility and issue vouchers.

The Family Unification Program operates differently for youth than for families. Family Unification Program vouchers for youth are time limited, providing rental assistance to youth for a maximum of 36 months. By contrast, Family Unification Program families may keep their Family Unification Program vouchers for as long as they comply with program rules and remain eligible. In addition, PCWAs must offer supportive services to youth for the first 18 months in which they participate in the program to help them develop skills necessary to live independently. The supportive services include money management skills, job preparation, educational counseling, and proper nutrition and meal preparation.

[34] Special-purpose vouchers provide housing assistance to specific populations, including veterans, families reunifying with their children, and people with disabilities.
[35] In accordance with a transition plan described in section 475(5)(H) of the Social Security Act

62e. Mainstream Voucher Program Under HCV

The Mainstream Voucher program is a component of HCV that offers rental assistance. Mainstream vouchers are housing choice vouchers specifically set aside for persons between 18 and 61 years of age with disabilities who are

- transitioning out of institutional or other segregated settings,
- at serious risk of institutionalization,
- homeless, or
- at risk of becoming homeless.

By providing targeted assistance to nonelderly persons with disabilities, the Mainstream Voucher program helps further the goals of the Americans with Disabilities Act (ADA). One of the ADA’s critical goals is to ensure that individuals with disabilities can access public services, programs, and activities in the most integrated setting.

HUD will award the participating PHAs additional points during the application review for adopting a preference for nonelderly persons with disabilities for their housing choice vouchers. Also, HUD will award additional points to PHAs that formalize partnerships with various health and human services agencies or organizations with the capacity to coordinate voluntary services and support that enable the program participants to live independently in the community.

62f. HCV Home-Ownership Program

Under the HCV home-ownership program, families participating in HCV may use their vouchers to buy a home and receive monthly assistance in meeting their home-ownership expenses. The program is available only to families participating in HCV, and not every PHA offers the program. PHAs must ensure that a HUD-certified counselor working at a HUD-approved counseling agency provides any home-ownership counseling that PHAs offer to the participating families of the HCV home-ownership program.

To participate in the HCV home-ownership program, participating families must meet specific income and employment requirements and complete a preassistance counseling program that covers topics including home maintenance, budgeting and money management, credit counseling and credit repair, and mortgage financing. Eligible families must also be

- first-time homeowners,
- cooperative members, or
- in need of reasonable accommodations for a family member with disabilities.

62g. HUD-VASH Voucher Program

The HUD-VASH voucher program provides HCV rental assistance for homeless veterans, while the U.S. Department of Veterans Affairs (VA) provides case management and clinical services for participating veterans at VA medical centers and community-based outreach clinics. The case managers at the local VA medical centers are responsible for referring eligible homeless veterans to the participating PHAs for HUD-VASH vouchers. Generally, the HUD-VASH voucher program follows the regular HCV requirements, but HUD may waive or specify alternative requirements.

63. Choice Neighborhoods Program

The Choice Neighborhoods program provides competitive planning grants and implementation grants to transform struggling neighborhoods with distressed public housing or HUD-assisted housing through locally driven revitalization strategies. The program aims to help communities to improve their assets and amenities, including vacant property, housing, businesses, services, and schools. The program focuses on three main goals:

1. Replacing distressed public and assisted housing with high-quality, mixed-income housing.
2. Improving employment, income, health, and children's education for households living in distressed housing.
3. Creating the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets that are important to families' choices about their community, such as safety, good schools, and commercial activity.

PHAs, local governments, tribal entities, and nonprofits are eligible to apply. If a PHA is considered a troubled performer,[36] HUD will use available documents and information to determine whether the troubled PHA qualifies as an eligible applicant.

To demonstrate a coapplicant partnership, the applicants must submit a memorandum of understanding (MOU) or letter of agreement (LOA) signed by the executive of each applicant. The MOU or LOA must demonstrate each applicant's commitment to work collaboratively to develop a transformation plan and identify the lead applicant.

64. Indian Housing Block Grant

The Indian Housing Block Grant (IHBG) program is a needs-based formula grant program for a range of affordable housing activities on American Indian reservations and American Indian areas. IHBG authorizes housing assistance under a single block grant to eligible American Indian tribes or their tribally designated housing entities. There are six categories of eligible activities for providing affordable housing or related housing services. They include

- Indian housing assistance (modernization or operating assistance for housing previously developed or operated under a contract between HUD and an Indian housing authority);
- development of additional affordable housing;
- housing-related services for affordable housing;
- management services for affordable housing;

[36] Under the performance indicators established under designation under 42 U.S.C. (United States Code) 1437d(j) and its implementing regulations.

- safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime; and
- housing activities under model programs designed to carry out the purposes of the U.S. Housing Act of 1937, if specifically approved by HUD, as appropriate.

Eligible tribes include both federally recognized and those State-recognized Indian tribes formerly eligible under the U.S. Housing Act of 1937.

65. Native Hawaiian Housing Block Grant Program

The American Homeownership and Economic Opportunity Act of 2000 authorized the Native Hawaiian Housing Block Grant (NHHBG) program. This Act amended the Native American Housing Assistance and Self-Determination Act of 1996 and created a new Title VIII – Housing Assistance for Native Hawaiians. The NHHBG program is patterned after the IHBG program but contains changes to address the housing needs and circumstances of Native Hawaiians.

The NHHBG program authorizes HUD to provide housing block grants to the State of Hawaii's Department of Hawaiian Home Lands to carry out affordable housing activities for low-income Native Hawaiian families who are eligible to reside on the Hawaiian home lands. Eligible activities include new construction, rehabilitation, acquisition, infrastructure, and various support services. The use of NHHBG funds is limited to eligible affordable housing activities for low-income Native Hawaiians eligible to reside on Hawaiian home lands. NHHBG grant recipients may also use their NHHBG funds for certain types of community facilities if the facilities serve eligible residents of affordable housing.

66. Tribal Housing Activities Loan Guarantee Program (Title VI)

Through the Title VI loan guarantee, HUD offers a public investment tool to federally recognized Native American tribes and tribally designated housing entities. Title VI provides an additional source of financing for IHBG recipients (in other words, loan borrowers) to finance additional grant-eligible construction or development at today's costs. Tribes may combine a variety of funding sources with Title VI loans to finance affordable tribal housing activities. Tribes may use Title VI to

- create new housing,
- rehabilitate housing,
- build infrastructure,
- construct community facilities,
- acquire land to be used for housing,
- prepare architectural and engineering plans, or
- fund financing costs.

Due to the flexibility of the Title VI program, tribes may structure their loans to meet the requirements of their project and negotiate a variety of repayment terms with the lender. Loan terms may range up to 20 years, and payments may be made monthly, quarterly, or annually. Additionally, interest rates may be fixed, adjustable, or floating and are based on an index.

Eligible borrowers for Title VI loans are tribes, Alaska Native villages, and their tribally designated housing entities that are IHBG recipients and that demonstrate administrative and financial capacity.

67. Indian Community Development Block Grant Program

The Indian Community Development Block Grant (ICDBG) program provides eligible grantees with direct grants to develop viable American Indian and Alaska Native communities, including decent housing, a suitable living environment, and economic opportunities, primarily for low- and moderate-income persons.

The program funds

- housing, such as housing rehabilitation, land acquisition to support new housing construction, and new housing construction under limited circumstances;
- community facilities, such as infrastructure construction (including roads and water and sewer facilities), and single-purpose or multipurpose community buildings; and
- economic development, such as a wide variety of commercial, industrial, and agricultural projects.

Eligible applicants include American Indian tribes, bands, groups, or nations (including Alaskan Indians, Aleuts, and Eskimos) and Alaska Native villages that have established a relationship with the Federal Government as defined in the program regulations.

FHEO's Housing Assistance Programs

As of 2018, FHEO administered three active housing assistance programs, which provided both home-ownership and rental assistance. For FY 2018, Congress appropriated approximately $129.82 million to FHEO's housing assistance programs. From FY 2014 to FY 2018, Congress appropriated approximately $646.08 million to FHEO's housing assistance programs.

Programs Providing Both Rental and Home-Ownership Assistance:

68. Fair Housing Assistance Program

The Fair Housing Assistance Program (FHAP) provides annual noncompetitive assistance and reimbursements to State and local fair housing enforcement agencies that enforce fair housing laws that are substantially equivalent to the Fair Housing Act. The assistance includes support for complaint processing, training, technical assistance, data and information systems, and other fair housing projects. FHAP aims to build coordinated intergovernmental enforcement of fair housing laws and provide incentives for States and localities to assume a greater share of the responsibility for the administration and enforcement of fair housing laws.

For a State or local law to be certified as "substantially equivalent" to the Fair Housing Act, the Assistant Secretary for Fair Housing and Equal Opportunity must determine that the State or local law provides substantive rights, procedures, remedies, and the availability of judicial review comparable to the Federal law.

Only government entities are eligible to participate in FHAP. Participating agencies must (1) administer a State or local law certified by HUD as "substantially equivalent" and (2) execute a written interim agreement or MOU with HUD, outlining the working relationship between the agency and the appropriate FHEO regional office.

69. Fair Housing Initiatives Program

The Fair Housing Initiatives Program (FHIP) provides grants to fair housing organizations and nonprofits to assist people who believe they have been victims of housing discrimination. FHIP organizations collaborate with HUD to help people identify government agencies that handle complaints of housing discrimination. They also conduct a preliminary investigation of claims, to include sending "testers" to properties suspected of housing discrimination.

In addition to funding organizations that provide direct assistance to individuals who feel they have been discriminated against while attempting to purchase or rent housing, FHIP has initiatives that promote fair housing laws and equal housing opportunity awareness. FHIP has three initiatives that provide funds, through competitive grants, to eligible organizations and one initiative that no longer receives funds. The initiatives include the following:

1. The Fair Housing Organizations Initiative provides funding that builds the capacity and effectiveness of nonprofit fair housing organizations by providing funds to handle fair housing enforcement and education initiatives more effectively. Applicants must be fair housing enforcement organizations (FHO), qualified FHOs, or other private nonprofit FHOs and nonprofit groups building their capacity to provide fair housing enforcement.
2. The Education and Outreach Initiative offers a comprehensive range of support for fair housing activities, providing funding to State and local government agencies and nonprofit organizations for initiatives that educate the public and housing providers about equal opportunity in housing and compliance with fair housing laws.
3. The Private Enforcement Initiative offers a range of assistance to the nationwide network of fair housing groups. This initiative funds non-profit fair housing organizations to carry out testing and enforcement activities to prevent or eliminate discriminatory housing practices.
4. The Administrative Enforcement Initiative helps State and local governments that administer laws that include rights and remedies similar to those in the Fair Housing Act. This initiative also helps implement specialized projects that broaden an agency's range of enforcement and compliance activities. As of August 2019, no funds were available for this program.

70. Enforcement of the Fair Housing Act (Title VIII)

Title VIII prohibits discrimination in residential real estate-related transactions and makes it illegal to coerce, intimidate, threaten, or interfere with people exercising their rights under Title VIII or assisting others in exercising their rights. Title VIII also prohibits the adoption and enforcement of discriminatory zoning and land use ordinances. HUD is responsible for enforcing the Fair Housing Act, which applies to almost all housing in the country.

Since 1991, most multifamily dwellings of four or more units have been required to be designed and built so that the units are accessible to persons with disabilities. Title VIII, in conjunction with other statutes, requires HUD to administer all of its programs and activities in a manner that affirmatively furthers fair housing. Many recipients of HUD funding are required to comply with HUD's Affirmatively Furthering Fair Housing Rule.[37]

Any individual experiencing housing discrimination may file a complaint with any HUD office, in person, by mail, online, or by telephone, no later than 1 year after the alleged discriminatory act has occurred or terminated. An aggrieved person may also file suit in a Federal court no later than 2 years after the alleged discriminatory act has occurred or terminated, whether or not a complaint has been filed with HUD.

Ginnie Mae's Housing Assistance Programs

As of 2018, Ginnie Mae administered two active housing assistance programs that provided home-ownership assistance. For FY 2018, Congress granted $500 billion in commitment authority[38] to Ginnie Mae. From FY 2014 to FY 2018, Congress granted $2.5 trillion in commitment authority to Ginnie Mae's housing assistance programs. In addition, Ginnie Mae receives funding to cover the salaries and expenses of its housing assistance programs. For FY 2018, Ginnie Mae received $27 million for the salaries and expenses of its housing assistance programs. From FY 2014 to FY 2018, Ginnie Mae received $115.5 million for the salaries and expenses of its housing assistance programs.

<u>Home-Ownership Assistance Programs:</u>

71. Ginnie Mae Single-Class Mortgage-Backed Securities Program

The Ginnie Mae Single-Class Mortgage-Backed Securities program guarantees securities backed by government-insured mortgages. Ginnie Mae guarantees investors the timely payment of principal and interest on securities issued by private lenders that are backed by pools of mortgage loans. The full faith and credit guarantee of the U.S. Government that Ginnie Mae places on mortgage-backed securities (MBS) lowers the cost of and maintains the supply of mortgage financing for government-backed loans.

Ginnie Mae issuers must

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[37] Affirmatively furthering fair housing is a legal requirement that Federal agencies and Federal grantees further the purposes of the Fair Housing Act. HUD's rule provides an effective planning approach to aid program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination.

[38] Commitment authority is a business operational reference to authority granted to issuers by Ginnie Mae via an application process. Commitment authority refers to Ginnie Mae's permission to issue securities.

- be approved FHA lenders in good standing;
- possess demonstrated experience and management capability in underwriting, originating, and servicing mortgage loans;
- have a fidelity bond and lender errors and omissions policy in effect;
- have a quality control plan in place for underwriting, originating, and servicing mortgage loans as well as for secondary marketing; and
- meet and maintain financial requirements as specified in the MBS guide.

Ginnie Mae issuers may use a Ginnie Mae-approved subservicer but must have a staff member to oversee the subservicer's performance.

72. Ginnie Mae Multiclass Securities Program

The Ginnie Mae Multiclass Securities program increases the liquidity of Ginnie Mae MBS and attracts new sources of capital. All Ginnie Mae guaranteed multiclass securities are backed by MBS-issued securities in accordance with previously issued commitment authority. There are four types of securities within this program, which are real estate mortgage investment conduits (REMIC), platinum securities, "stripped" mortgage-backed securities (SMBS), and callable securities.

In FY 1994, Ginnie Mae began guaranteeing REMIC securities. The REMIC issuer issues certificates of interest to investors and elects to be taxed under the REMIC provisions of Federal tax law (sections 860A through 860G of the Internal Revenue Code of 1986).

REMICs are multiple-class securities with different maturities (typically between 2 and 20 years) or with payments based on fractions of the MBS income stream. These multiple-class characteristics largely distinguish REMICs from single-class MBS of the kind that Ginnie Mae has been guaranteeing since 1970. REMIC products allow the private sector to combine restructured cash flows from Ginnie Mae MBS and other REMIC securities to be tailored to meet investor's preferences.

In FY 1995, Ginnie Mae began guaranteeing platinum securities. Platinum securities consolidate Ginnie Mae MBS pools with the same interest rate into larger pools. Securities dealers then sell those pools to investors. Ginnie Mae's statutory purpose is to promote access to mortgage credit in the central cities by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

SMBS securities are created by stripping apart the principal and interest payments from the underlying mortgage-related collateral into two or more classes of securities, which allows investors to reduce or increase prepayment risks by isolating and combining various interest only and principal only cash flow components. SMBS complements the REMIC program.

Callable securities allow one investor to receive cash flow from the underlying MBS, while another investor has the right to buy the underlying MBS. This security occurs beforeits maturity date under certain conditions to hedge against fluctuating interest rate environments.

OLHCHH’s Housing Assistance Program

As of 2018, OLHCHH administered one active housing assistance program, which provided both rental and home-ownership assistance. For FY 2018, Congress appropriated $212 million to this housing assistance program. From FY 2014 to FY 2018, Congress appropriated approximately $614 million to this housing assistance program.

<u>Program Providing Both Rental and Home-Ownership Assistance:</u>

73. Lead Hazard Reduction Demonstration Grant Program

The Lead Hazard Reduction Demonstration (LHRD) Grant Program provides grants to assist States, cities, counties or parishes, Native American tribes, or other units of local government in undertaking comprehensive programs to identify and control lead-based paint hazards in eligible privately owned rental or owner-occupied housing. The LHRD Grant Program targets urban jurisdictions (either alone or through a consortium) that have at least 3,500 pre-1940 occupied rental housing units. This program aligns with HUD’s 2012-2015 Environmental Justice Strategy. HUD’s Environmental Justice Strategy addresses environmental and human health issues that disproportionately affect high-risk communities, such as minorities, low-income populations, children, and persons with disabilities.

There Are No Specific Areas of Significant Program Overlap Across HUD’s 73 Active Housing Assistance Programs

HUD’s housing assistance programs generally have different purposes, provide various types of assistance, and serve different populations. We analyzed and compared the programs by the following criteria:

- type of housing assistance (home ownership, rental assistance, or both),
- purpose based on program description,
- type of assistance provided,
- population served, and
- eligible applicants or funding recipients.

As of October 2019, there are no specific areas of significant program overlap across HUD’s 73 active housing assistance programs.

Approximately $257.90 Billion Was Appropriated to HUD Housing Assistance Programs From FY 2014 to FY 2018

From FY 2014 to FY 2018, Congress appropriated approximately $257.90 billion to HUD’s 73 active housing assistance programs. Within HUD, PIH received the most funding for housing assistance-related programs – approximately 53 percent of all appropriated funds for the period FY 2014 to 2018. Ginnie Mae received the least funding – less than 1 percent of all appropriated funds. Figure 1 below summarizes the amount appropriated to each HUD program office from FY 2014 to FY 2018 to execute the housing assistance programs within their portfolios.

Figure 1 – Housing assistance program appropriations from FY 2014 to FY 2018, by HUD program office, in thousands

HUD program office	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
PIH	$26,468,318	$26,643,260	$27,091,525	$27,725,227	$30,514,633	$138,442,963
Housing[39]	10,161,128	10,075,000	10,688,300	10,977,600	11,899,600	53,801,628
CPD[40]	6,585,000	6,481,000	8,959,676	7,203,000	35,669,000	64,897,676
OLHCHH	101,000	93,000	88,000	120,000	212,000	614,000
FHEO	131,083	127,767	127,680	129,725	129,829	646,084
Ginnie Mae[41]	19,500	23,000	23,000	23,000	27,000	115,500
Total	**43,466,029**	**43,443,027**	**46,978,181**	**46,178,552**	**78,452,062**	**257,903,851**

See appendix A for itemized appropriations to each housing assistance program from FY 2014 to FY 2018, by HUD program office.

HUD Administers Six Temporary Housing Assistance Programs

As of 2018, HUD administered six temporary housing assistance programs. The six temporary housing assistance programs include the following

1. Low Income Housing Tax Credit Pilot

HUD created the Tax Credit Pilot in response to the Housing and Economic Recovery Act of 2008 (HERA). HERA established the pilot program to streamline FHA mortgage insurance applications for projects with equity from the LIHTC program. The program is limited to Section 221(d)(4) and Section 220 New Construction and Substantial Rehabilitation projects with LIHTCs. The Tax Credit Pilot creates a distinct application platform and a separate processing track under the Section 223(f) program. The mission of the program is to design, test, and refine streamlined FHA application requirements and processing.

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39 In addition to the appropriations included in the table, Congress has granted a $400 billion commitment limit to the Office of Single Family Housing for FY 2014 to FY 2018.

40 In addition to the appropriation included in the table, CPD receives funds based on fees collected for the following programs: Section 108 and HTF.

41 In addition to the appropriations included in the table, Congress has granted $500 billion in commitment authority to Ginnie Mae each FY for FY 2014 to FY 2018.

2. Rental Assistance Demonstration Program

HUD created the Rental Assistance Demonstration Program (RAD) in response to the Consolidated and Further Continuing Appropriations Act of 2012. RAD allows PHAs and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts. The primary benefit of RAD is that properties that convert under this process are no longer restricted from securing private sources of capital financing and the owners are, therefore, able to address deferred maintenance issues that have caused public housing and other HUD rental stock to deteriorate nationwide. RAD has two components.

Under the first component of RAD, properties that are funded under public housing convert their assistance to long-term, project-based Section 8 contracts. Under the second component of RAD, the owners of the projects funded under HUD's legacy programs (Rental Supplement, Rental Assistance Payment, Mod Rehab, and Mod Rehab SRO) may convert the unit subsidy funding to long-term, project-based Section 8 contracts.

3. Project Rental Assistance Demonstration

HUD implemented the Project Rental Assistance Demonstration program (PRA Demo) in FY 2012, and the use of funds was authorized in response to the Consolidated and Further Continuing Appropriations Act of 2012. PRA Demo rental assistance funds are awarded to State housing agencies or other appropriate entities that have formed partnerships with State Medicaid and health and human services agencies that have developed methods to target extremely low-income persons with disabilities requiring long term services.

Under PRA Demo, State housing agencies that have entered into partnerships with State Medicaid and health and human services agencies may apply for Section 811 PRA for new or existing affordable housing developments funded by LIHTC, HOME, or other sources of funds. Under the State health care and housing agency partnership, the health care agency must develop a policy for referrals, tenant selection, and service delivery to ensure that this housing is targeted to a population most in need of affordable supportive housing. Section 811 assistance comes in the form of project rental assistance alone. No funds are available for construction or rehabilitation.

4. Tribal HUD-VASH

HUD created Tribal HUD-VASH in response to the Consolidated and Further Continuing Appropriations Act of 2015. Tribal HUD-VASH provides rental assistance and supportive services to Native American veterans who are homeless or at risk of homelessness living on or near a reservation or other Indian areas. Housing assistance is either tenant based or project based. The eligible grant recipients include tribes and tribally designated housing entities that are eligible to receive IHBG funding under the Native American Housing Assistance and Self-Determination Act of 1996.

5. Disabled and Low-Income Veterans Housing Rehabilitation and Modification Pilot Program

HUD created the Disabled and Low-Income Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP) in response to the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015. VHRMP awards grants to qualified nonprofit organizations to rehabilitate and modify the primary residence of eligible veterans. This demonstration is conducted with the Secretary of Veterans Affairs to ensure that it meets the needs of veterans. Grant funds may be used to retrofit the home of a veteran with a disability, make repairs, or install energy-efficient features or equipment. Organizations receiving funds must match at least 50 percent of the grant funds.

6. Youth Homelessness Demonstration

HUD created the Youth Homelessness Demonstration program (YHD) in response to the Consolidated Appropriations Act of 2016. YHD aims to reduce the number of youth experiencing homelessness and try new strategies for serving homeless youth. YHD provides grants to States, counties, cities or townships, and nonprofits within the 10 CoCs that were competitively selected by HUD. Recipients are to serve unaccompanied youth experiencing homelessness, including pregnant or parenting youth. The Consolidated Appropriations Act of 2018 extended and revised the program, permitting HUD to select up to 25 communities to award grants.

There Are 21 Inactive HUD Housing Assistance Programs Which No Longer Receive Appropriated Funds

As of 2018, HUD had 21 inactive housing assistance programs. Inactive programs are programs that have not received appropriations for new commitments or grants in 5 years or received funding only for the renewal of existing grants or commitments. The 21 inactive programs include

1. CDBG Section 107 – This program provided grants for community development. Programs under CDBG Section 107 included the Hispanic-Serving Institutions Assisting Communities, Historically Black Colleges and Universities, Alaska Native-Native Hawaiian Institutions Assisting Communities, and Tribal Colleges and Universities. No new funds have been appropriated since FY 2010.

2. Homelessness Prevention and Rapid Re-Housing Program (HPRP) – The Recovery Act of 2009 funded HPRP. HPRP provided formula grants to States, U.S. territories, metropolitan cities, and urban counties to provide temporary rental assistance and housing relocation and stabilization services to homeless families and individuals and low-income families and individuals at risk of homelessness. The 3-year expenditure period for grantees ended in 2012.

3. HOPE for Homeowners – HERA established the HOPE for Homeowners program under Section 257 of the National Housing Act. HOPE for Homeowners was a voluntary

program to help borrowers having difficulty paying their mortgages to refinance using FHA-insured mortgages they could afford. The HOPE for Homeowners program ended on September 30, 2011.

4. Neighborhood Stabilization Program 1 – HERA authorized the Neighborhood Stabilization Program (NSP) 1 funds. NSP1 grants were awarded to State, local, and territorial governments on a formula basis. They could use NSP1 grants to
   - establish financing mechanisms for purchase and redevelopment of foreclosed-on homes and residential properties,
   - purchase and rehabilitate abandoned or foreclosed-on homes and residential properties,
   - establish land banks for a foreclosed-on home,
   - demolish blighted structures, and
   - redevelop demolished or vacant properties.

   NSP1 grantees must spend 100 percent of their allocated funds within 4 years from the date on which funds became available to the grantee for obligation. NSP1 grants remain open because the appropriations provided "no-year" funds, and grantees may continue to access the funds in their line of credit if the service area need remains.

5. Neighborhood Stabilization Program 2 – The Recovery Act of 2009 included an additional $2 billion appropriation for NSP2 for the redevelopment of abandoned and foreclosed-on homes and residential properties. The Recovery Act also authorized the establishment of the NSP Technical Assistance program to improve the capacities of NSP grantees and the implementation of their programs. The NSP2 program grants ended in 2015, and those grants that do not have program income are in the process of being closed.

6. Neighborhood Stabilization Program 3 – The Dodd-Frank Act of 2010 authorized $1 billion for NSP3 for formula grant awards to States and units of general local government to undertake eligible activities as provided under HERA. HUD may make up to 2 percent of the funds available for technical assistance grants. NSP3 grants remain open because the appropriations provided "no-year" funds, and grantees may continue to access the funds in their line of credit if the service area need remains.

7. Rural Innovating Fund – The Rural Innovating Fund provided grants to build State and local capacity for rural housing and economic development. No new funds have been appropriated since FY 2010.

8. Tax Credit Assistance Program – The Recovery Act of 2009 appropriated funds for the Tax Credit Assistance Program (TCAP). This program was a grant program that provided funds for capital investments in stalled low-income housing tax credits projects via a formula-based allocation to 52 State housing credit agencies (the 50 States plus the District of Columbia and the Commonwealth of Puerto Rico). The housing credit agencies in each State distributed these funds competitively and according to their qualified allocation plan. TCAP has not received new funds since 2009.

9. Energy Innovation Fund – The Appropriations Act of 2010 included an appropriation of $25 million for the Multifamily Energy Pilot Program directed at the multifamily housing market. The goal of the program was to support innovations in financing and conducting applied research to address primary barriers to the retrofitting of certain multifamily residential properties to be more energy efficient on a cost-effective basis. The program ended in 2017.

10. Green Retrofit Program for Multifamily Housing – The Recovery Act of 2009 included a $250 million appropriation for the Assisted Housing Energy and Green Retrofit Program. Grants and loans were made available to eligible property owners to make energy and green retrofit investments in property and to maintain energy-efficient technologies. The awards ended in 2010, and disbursements ended in 2012.

11. Multifamily Rental Housing – This program was created to provide mortgage insurance to finance construction or rehabilitation of a broad cross-section of rental housing. In FY 2011, FHA stopped insuring mortgages under this section. Privately owned new construction and substantial rehabilitation of multifamily rental projects are generally insured under the Act of 1934, Section 221(d)(4), because it is more advantageous to the developer.
12. Mortgage Insurance for Single Room Occupancy Projects (Section 221(d)) under Section 223(g) – Section 221(d) and Section 223(g) were created to provide mortgage insurance for the new construction or substantial rehabilitation of SRO facilities. Funding is no longer available for new commitments beyond renewing expiring contracts. Mod Rehab SRO remains active.

13. Rental Assistance Payments and Section 236 – The Rental Assistance Payments program (RAP) was established by the Housing and Community Development Act of 1974 to provide additional rental assistance subsidies to property owners on behalf of very low-income tenants. RAP was available only to Section 236 properties, for which HUD made interest reduction payments to the lender for the production of low-cost rental housing. HUD stopped issuing new RAP contracts with the introduction of Section 8. However, HUD is required to fund RAP contracts on noninsured, State-aided Section 236 projects through the end of their contracts, providing amendment funding when the amount initially appropriated proves to be insufficient. In addition, HUD may provide short-term extensions of these contracts so that the property owner can participate in RAD.

14. Housing Development Action Grant – The Housing and Urban-Rural Recovery Act of 1983 authorized the program. HUD authorized action grants for cities and urban counties that were experiencing severe economic distress to help stimulate economic development activity to aid in economic recovery. Cities and urban counties, which demonstrated that they could provide housing to low- and moderate-income persons and provide equal opportunity in housing, were eligible for this grant.

15. Multifamily Rental Housing for Moderate-Income Families-Limited Dividend (Section 221(d)(3)) – Section 221(d)(3) was HUD's major insurance program for new

construction or substantially rehabilitated multifamily rental housing for moderate-income households. FHA would insure mortgages made by private lending institutions to help finance construction or substantial rehabilitation of multifamily (five or more units) rental or cooperative housing for moderate-income or displaced families. Projects could consist of detached, semidetached, row, walk-up, or elevator structures. SRO projects could consist of units that did not contain a complete kitchen or bath. The principal difference between Section 221(d)(3) and Section 221(d)(4)was that HUD could insure up to 100 percent of replacement costs in the case of new construction under Section 221(d)(3) for public, nonprofit, and cooperative borrowers but only up to 90 percent under Section 221(d)(4). In FY 2013, HUD suspended Section 221(d)(3) unless the project to be financed also receives LIHTCs.

16. Mortgage Insurance for Condominium Units (Section 234(c)) – Section 234(c) provided mortgage insurance for the purchase of individual condominium units constructed under a blanket mortgage under Section 234(d). Section 203(b) of the Act of 1934 provides almost all FHA mortgage insurance for an individual condominium. Mortgage insurance for condominium units ended with the passage of HERA, when the program was incorporated into Mortgage Insurance One-to-Four Family Home (Section 203(b)).

17. Emergency Homeowners Loan Program – The Dodd-Frank Act of 2010 reauthorized the Emergency Homeowners Loan Program. For 24 months, this program provided FHA the authority to insure or make loans to or emergency mortgage payments on behalf of homeowners to defray mortgage expenses to prevent widespread mortgage foreclosures and distress sales of homes due to a substantial reduction of income resulting from several qualifying events. The statutory authority to provide emergency assistance to homeowners under this program expired on September 30, 2011.

18. Housing in Military Impacted Areas (Section 238) – Section 238 provided Federal mortgage insurance for housing in areas affected by military installations. HUD reported that borrowers who would have been served under the program are served equally well under the Act of 1934, Section 203(b). HUD suspended Section 238 on February 16, 2012.

19. Revitalization of Severely Distressed Public Housing – The Revitalization of Severely Distressed Public Housing program (HOPE VI) allowed HUD to provide competitive grants to PHAs to carry out HOPE VI-eligible activities, encouraging PHAs to seek new partnerships with private entities to create mixed-finance and mixed-income affordable housing. PHAs provided matching contributions in amounts at least equal to 5 percent of the grant amount. The activities permitted under HOPE VI included but were not limited to the capital costs of demolition, major reconstruction, rehabilitation, and other physical improvements; the provision of replacement housing; management improvements; planning and technical assistance; and the provision of supportive services (including the funding, beginning in FY 2000, of an endowment trust for supportive services). HOPE VI has not received funding since FY 2010. HUD is administering existing grants.

20. Healthy Homes Demonstration Grant Program – Starting in FY 1999, HUD's annual and supplemental appropriations included funds for the Healthy Homes Demonstration Grant Program (initially named the Healthy Homes Initiative Grant Program), among other grant and contract programs. The demonstration program provided funding for developing, demonstrating, and evaluating cost-effective, preventive measures to correct multiple residential safety and health hazards that produce diseases and injuries in children and other sensitive subgroups, such as the elderly. Starting in FY 2009, the program was renamed the Healthy Homes Production Grant Program. According to OLHCHH, starting in FY 2015, the renamed program did not have grants awarded under it. Previously allotted funds were to be used to increase the efficiency of the healthy homes effort by focusing on housing units that had already been recruited for and enrolled in the lead hazard control grants. The grants awarded through the Healthy Homes Demonstration and Healthy Homes Production grants have all been completed and closed.

21. Lead-Based Paint Hazard Control Grant Program and LHRD Grant Program – The Residential Lead-Based Paint Hazard Reduction Act of 1992 and the HUD annual appropriations from 1993 through 2017 appropriated funds for the Lead-Based Paint Hazard Control Grant Program and the LHRD Grant Program. The programs funded inspections, risk assessments, temporary relocations, workforce training, abatement, and interim control of lead-based paint hazards in eligible privately owned single-family housing units and multifamily buildings occupied by low-income families. The Lead-Based Paint Hazard Control Grants were available to all communities and the LHRD Grant Program assisted areas with the highest lead paint abatement needs, to include pre-1940 rental housing units. As of 2018, HUD consolidated the Lead-Based Paint Hazard Control and LHRD grant program into the LHRD Grant Program. The grants awarded before 2016 have all been completed and closed. A few grants awarded under 2016 funds are in the closeout phase and grants under 2017 are open.

Agency Comments and OIG Response

Summary of Agency Comments

We requested comments on our draft report from agency officials but were not given any.

Appendixes

Appendix A – Appropriations to U.S. Department of Housing and Urban Development (HUD) Housing Assistance Programs From Fiscal Year (FY) 2014 to FY 2018, by HUD Program Office

Figure 2 – Appropriations to housing assistance programs within the Office of Housing, in thousands[42]

Housing's housing assistance program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Project-Based Rental Assistance (PBRA)[43]	$9,651,628	$9,520,000	$10,109,000	$10,334,000	$10,997,000	$50,611,628
Housing for the Elderly[44]	379,815	414,460	426,582	492,975	670,317	2,384,149
Housing for Persons With Disabilities[45]	126,000	135,000	148,600	144,200	227,600	781,400
Congregate Housing Services Grants	3,685	5,540	4,118	6,425	4,638	24,451
Loan Guarantee commitment limit[46]	[400,000,000]	[400,000,000]	[400,000,000]	[400,000,000]	[400,000,000]	-
Total	**10,161,128**	**10,075,000**	**10,688,300**	**10,977,600**	**11,899,600**	**53,801,628**

[42] The figure does not include Housing programs that did not receive congressional appropriations from FY 2014 to FY 2018, which are the Assisted-Living Conversion Program, Emergency Capital Repairs Program, Senior Preservation Rental Assistance Contracts, and Flexible Subsidy Fund. The figure also does not include the following programs, which are credit subsidies and are not congressionally funded: the Mortgage Insurance for Manufactured Home Parks, Mortgage Insurance for Cooperative Housing, Mortgage and Major Home Improvement Loan Insurance for Urban Renewal Areas, Multifamily Rental Housing for Moderate-Income Families, Mortgage Insurance for Rental Housing for the Elderly, and Multifamily Mortgage Risk Sharing programs. The figure also does not include the programs under the Office of Healthcare, as healthcare finance programs are negative subsidy programs and, therefore, do not receive funding.

[43] The PBRA account funds Mark-to-Market and Renewal of PBRA.

[44] Supportive Housing for the Elderly (Section 202), the Supportive Service Demonstration, and the Congregate Housing Services Program are funded from the Housing for the Elderly account.

[45] The Section 811 and the Section 811 Project Rental Assistance (PRA) program are funded from the Housing for Persons With Disabilities account. The amount listed does not account for annual inspection-administrative contracts.

Figure 3 – Appropriations to Office of Community Planning and Development (CPD) housing assistance programs, in thousands[47]

CPD housing assistance program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Community Development Block Grants (CDBG)[48]	$3,100,000	$3,066,000	$3,060,000	$3,060,000	$3,365,000	$15,651,000
CDBG-Section 108 Loan Guarantee (Section 108)[49]	[150,000]	[500,000]	[300,000]	[300,000]	[300,000]	-
CDBG Disaster Recovery	0	0	2,308,976	400,000	28,000,000	30,708,976
Homeless Assistance	2,105,000	2,135,000	2,250,000	2,383,000	2,513,000	11,386,000
HOME Investment Partnerships	1,000,000	900,000	950,000	950,000	1,362,000	5,162,000
Self-Help Homeownership Program (SHOP)[50]	50,000	50,000	55,700	54,000	54,000	263,700
Housing Opportunities for Persons With AIDS	330,000	330,000	335,000	356,000	375,000	1,726,000
Total	**6,585,000**	**6,481,000**	**8,959,676**	**7,203,000**	**35,669,000**	**64,897,676**

[46] The Office of Single Family Housing receives a loan guarantee commitment limit, which covers 12 of its 15 programs. It does not cover the following programs: Loss Mitigation, Self-Help Property Disposition, and Single Family Property Disposition, which also did not receive congressional appropriations from FY 2014 to FY 2018.
[47] The following CPD housing programs did not receive appropriations from FY 2014 to FY 2018: Federal Surplus Property for Use To Assist Persons Experiencing Homelessness, Moderate Rehabilitation Single Room Occupancy, Shelter Plus Care, and the Supportive Housing Program. The Continuum of Care program, Emergency Solutions Grants program, and Rapid Re-Housing program are appropriated from the Special Needs Assistance Programs account.
[48] CDBG Insular Areas, CDBG (Entitlement), and CDBG (Non-Entitlement) for States and Small Cities are appropriated from CDBG and allocated by formula to grantees as one lump sum.
[49] Section 108 and the Housing Trust Fund do not receive appropriations; rather, they are funded by fees collected.
[50] SHOP, the Rural Housing Stability Assistance Program, Capacity Building for Community Development, and Affordable Housing are all funded from the SHOP program.

Figure 4 – Appropriations to the Office of Public and Indian Housing (PIH) housing assistance programs, in thousands[51]

PIH housing assistance program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Tenant-Based Rental Assistance[52]	$19,177,218	$19,304,160	$19,628,525	$20,292,000	$22,015,000	$100,416,903
Public Housing Operating Fund	4,400,000	4,440,000	4,500,000	4,400,000	4,550,000	22,290,000
Public Housing Capital Fund	1,855,000	1,875,000	1,900,000	1,941,500	2,750,000	10,321,500
Native American Housing Block Grant	650,000	650,000	650,000	654,000	755,000	3,359,000
Choice Neighborhoods	90,000	80,000	125,000	137,500	150,000	582,500
Family Self-Sufficiency	75,000	75,000	75,000	75,000	75,000	375,000
Native Hawaiian Housing Block Grant[53]	10,000	9,000	0	2,000	2,000	23,000
Section 184 Indian Housing Loan Guarantee Fund	6,000	7,000	7,500	7,227	1,000	28,727
Loan Guarantees for Native Hawaiian Housing Loan Guarantee Program	100	100	0	0	0	200
Indian Community Development Block Grant[54]	[70,000]	[66,000]	[60,000]	[60,000]	[65,000]	-
Salaries and expenses	205,000	203,000	205,500	216,000	216,633	1,046,133
Total	**26,468,318**	**26,643,260**	**27,091,525**	**27,725,227**	**30,514,633**	**138,442,963**

Figure 5 – Appropriations to the Office of Fair Housing and Equal Opportunity (FHEO) housing assistance programs, in thousands

FHEO housing assistance program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Fair Housing Initiatives Program	$40,100	$40,100	$39,200	$39,200	$39,600	$198,200
Fair Housing Assistance Program	24,100	23,300	24,300	24,300	23,900	119,900
Enforcement activities salaries[55]	66,883	64,367	64,180	66,225	66,329	327,984
Total	**131,083**	**127,767**	**127,680**	**129,725**	**129,829**	**646,084**

Figure 6 – Appropriations to Ginnie Mae housing assistance programs, in thousands

Ginnie Mae housing assistance program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Guarantees of Mortgage Backed Securities (MBS) – commitment authority[56]	[$500,000,000]	[$500,000,000]	[$500,000,000]	[$500,000,000]	[$500,000,000]	[$2,500,000,000]
Salaries and expenses spending authority[57]	19,500	23,000	23,000	23,000	27,000	115,500
Total	**19,500**	**23,000**	**23,000**	**23,000**	**27,000**	**115,500**

[51] The figure does not include funding information for the Section 8 Moderate Rehabilitation Program, as PIH did not provide funding information for this program. This figure also does not include funding information for the Public Housing Homeownership Program (Section 32), as this program does not receive specific funding.
[52] Tenant-Based Housing Assistance funds the Housing Choice Voucher Program.
[53] The Tribal Housing Activities Loan Guarantee Program (Title VI) is also known as Title VI credit subsidy, which is funded under Native American Housing Block Grant account.
[54] Indian Community Development Block Grant funds are bracketed to acknowledge the funds but not increase the total. The Office of Native American Programs receives the funds originally appropriated under CPD.
[55] The Enforcement of the Fair Housing Act (Title VIII) funds are included in enforcement activities salaries.
[56] Commitment authority is a business operational reference that gives issuers permission to issue securities. The funds are bracketed to acknowledge the funds but not increase the total. Commitment Authority funding includes both single and multi-class MBS security guarantee programs.
[57] The salaries and expenses spending authority reflects the amount spent on all business functions performed by staff supporting the Guarantees of MBS program goal.

Figure 7 – Appropriations to the Office of Lead Hazard Control and Healthy Homes (OLHCHH) housing assistance programs, in thousands

OLHCHH assistance program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Lead Hazard Reduction	$101,000	$93,000	$88,000	$120,000	$212,000	$614,000
Total	**101,000**	**93,000**	**88,000**	**120,000**	**212,000**	**614,000**

Appendix B – Acknowledgements

This report was prepared under the direction of Brian T. Pattison, Assistant Inspector General for Evaluation; Paul H. Bergstrand, Director of the Program Evaluations Division; and Lindsay Clarke Brubaker, Supervisory Evaluator. The Office of Evaluation staff members who contributed are recognized below.

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Appendix C – Acronyms and Abbreviations

ACRONYM-ABBREVIATION	DEFINITION
ADA	Americans with Disabilities Act
AIDS	Acquired Immune Deficiency Syndrome
ALCP	Assisted-Living Conversion Program
ARM	adjustable rate mortgage
Capital Fund	Public Housing Capital Fund program
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant Disaster Recovery
CDC	community development corporation
CHDO	community housing development organization
CHSP	Congregate Housing Services Program
CoC	Continuum of Care program
CPD	Office of Community Planning and Development
ECRP	Emergency Capital Repairs Program
EEM	energy-efficient mortgage
ESG	Emergency Solutions Grant
Fannie Mae	Federal National Mortgage Association
FHA	Federal Housing Administration
FHA-HAMP	FHA-Home Affordable Modification Program
FHAP	Fair Housing Assistance Program
FHEO	Office of Fair Housing and Equal Opportunity
FHIP	Fair Housing Initiatives Program
FHO	fair housing enforcement organization
Freddie Mac	Federal Home Loan Mortgage Corporation
FY	fiscal year
GAO	Government Accountability Office
Ginnie Mae	Government National Mortgage Association
GNND	Good Neighbor Next Door program
HAP	housing assistance payment
HCV	Housing Choice Voucher Program
HEARTH	Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009
HECM	Home Equity Conversion Mortgage program
HERA	Housing and Economic Recovery Act of 2008
HIV	Human Immunodeficiency Virus
HMIS	homeless management information system
HOME	HOME Investment Partnerships program
HOPE VI	Revitalization of Severely Distressed Public Housing program
HOPWA	Housing Opportunities for Persons With AIDS
Housing	Office of Housing

ACRONYM-ABBREVIATION	DEFINITION
HPRP	Homelessness Prevention and Rapid Re-Housing Program
HTF	Housing Trust Fund
HUD	U.S. Department of Housing and Urban Development
HUD-VASH	HUD-Veterans Affairs Supportive Housing
ICDBG	Indian Community Development Block Grant
IHBG	Indian Housing Block Grant
LHRD	Lead Hazard Reduction Demonstration program
LIHTC	low-income housing tax credit
LOA	letter of agreement
M2M	Mark-to-Market program
MBS	mortgage-backed securities
MHLI	Manufactured Homes Loan Insurance
Mod Rehab	Moderate Rehabilitation program
MOU	memorandum of understanding
MSA	metropolitan statistical area
NHHBG	Native Hawaiian Housing Block Grant
NSP1	Neighborhood Stabilization Program 1
NSP2	Neighborhood Stabilization Program 2
NSP3	Neighborhood Stabilization Program 3
OLHCHH	Office of Lead Hazard Control and Healthy Homes
Operating Fund	Public Housing Operating Fund program
PBV	Project-Based Voucher program
PBRA	Project-Based Rental Assistance program
PCWA	public child welfare agency
PDMDA	presidentially declared major disaster area
PH-RRH	permanent housing-rapid re-housing
PHA	public housing agency
PIH	Office of Public and Indian Housing
PRA	Project Rental Assistance program
PRA Demo	Project Rental Assistance Demonstration
PRAC	project rental assistance contract
QPE	qualified participating entities
RAD	Rental Assistance Demonstration Program
RAP	Rental Assistance Program
Rapid Re-Housing	Rapid Re-Housing for Victims of Domestic Violence program
REMIC	real estate mortgage investment conduit
RHSAP	Rural Housing Stability Assistance Program
S+C	Shelter Plus Care program
SHOP	Self-Help Homeownership Opportunity Program
SHP	Supportive Housing Program

ACRONYM-ABBREVIATION	DEFINITION
SMBS	"stripped" mortgage-backed securities
SPRAC	senior preservation rental assistance contracts
SRO	single-room occupancy
States and Small Cities CDBG	Community Development Block Grants for States and Small Cities in Non-Entitlement Areas Program
TCAP	Tax Credit Assistance Program
TPV	tenant protection voucher
VA	U.S. Department of Veterans Affairs
VHRMP	Veterans Housing Rehabilitation and Modification Pilot Program
YHD	Youth Homelessness Demonstration

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