



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Since 2001, the Administration:

- Helped Americans buy homes, expanding the homeownership rate to nearly 70 percent and the minority homeownership rate to over 51 percent nationwide. With approximately three million minorities owning a home for the first time, the Nation now has the highest minority homeownership rate in its history. Furthermore, the Administration is ahead of schedule in achieving the Presidential goal of adding 5.5 million new minority homeowners by 2010;
- Achieved significant progress toward the Administration's goal of ending chronic homelessness by creating more than 50,000 units of permanent supportive housing since the effort was announced;
- Implemented the American Dream Downpayment Initiative, a new program that has helped thousands of Americans—nearly half of whom are minorities—overcome significant barriers to homeownership, such as down payment and closing costs; and
- Made significant improvements in financial management eliminating \$2 billion in annual improper payments, a reduction of 60 percent, and for the first time since 1990 received a 2006 audit opinion without any material weakness on the Department's financial statements.

The President's 2008 Budget:

- Provides housing for nearly five million low-income families while helping them move toward self-sufficiency, and includes a proposal to significantly reform the voucher program by providing localities more flexibility to meet local needs and serve more households while focusing more resources in communities with the greatest need;
- Increases minority homeownership and expands the affordable housing supply for low-income families by continuing to increase funds for the HOME Investment Partnerships Program, extending the American Dream Downpayment Initiative, and improving the Federal Housing Administration's mortgage insurance program to provide consumers with better home financing options;
- Sustains the goal of ending chronic homelessness through increased funding of Homeless Assistance Grants, which provide housing and emergency services for those in great need;
- Proposes to better target Community Development Block Grant program resources toward communities most in need; and
- Furthers the Department's management improvement initiatives through workforce optimization efforts, continued technological investments, and a strong commitment to financial management improvements, including continued reductions in improper payments.

FOCUSING ON THE NATION'S PRIORITIES

Meeting America's Most Critical Housing Needs

The President's 2008 Budget supports nearly five million housing units across public housing, Section 8 voucher, and other assistance programs. These programs offer individuals and families critical rental support, much needed stability, and the opportunity to move toward self-sufficiency. Proposed changes to the voucher program will give public housing authorities incentives to serve more households, and will update the funding allocation formula to better reflect current needs. Furthermore, the Budget gives public housing authorities (PHAs) efficiency-enhancing incentives to maximize the impact of their resources by eliminating the cap on the number of units they can fund and encouraging them to spend their balances effectively. By tapping unspent excess balances at PHAs, the President's proposal will serve a significant number of additional low-income families. The continued support of the Department of Housing and Urban Development's (HUD's) core programs remains at the heart of the Department's mission.

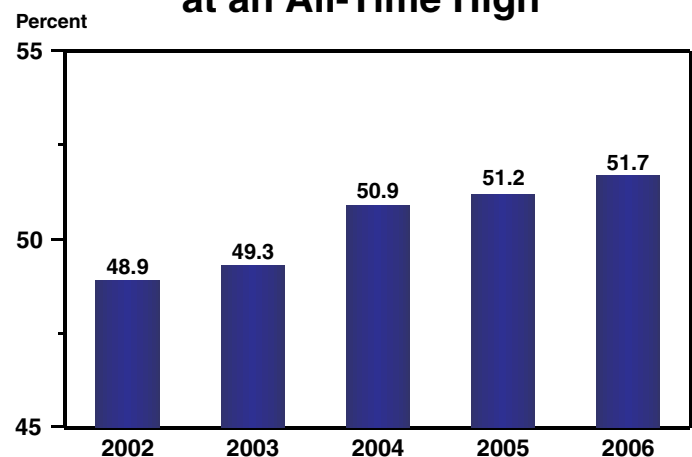
Supporting Homeownership through Innovative Programs

The HOME Investment Partnerships Program. The HOME program is the largest Federal housing block grant program to States and localities, delivering nearly \$2 billion in proposed funding with the primary goal of creating affordable housing for low-income families. The HOME program helps build partnerships between governments and local organizations, such as nonprofit groups, that collaboratively fund and execute a wide range of activities, including building, buying, and rehabilitating affordable housing. In addition to growing the affordable housing stock and assisting first-time homebuyers with down payment and/or closing costs, the HOME program also provides direct rental assistance to low-income individuals and families. HUD's HOME program posted record performance during 2006 when more than 143,000 households were reported as benefitting from hundreds of local programs that HOME supports. The spike in HOME's affordable housing production is due in part to more accurate reporting and in part to HUD's aggressive effort to boost performance measurement.

The American Dream Downpayment Initiative (ADDI). The HOME program includes ADDI, which is an Administration priority to further increase the number of minority and first-time homebuyers. ADDI furthers homeownership, particularly among minorities, by lowering barriers that may prevent potential homebuyers from entering the market, such as high down payment requirements. As a result of this effort and others like it, HUD has helped the Nation achieve an unprecedented homeownership rate of nearly 70 percent.

The Federal Housing Administration Mortgage Program. In 2002, the President issued America's Homeownership Challenge to increase first-time minority homeowners by 5.5 million through 2010.

Minority Homeownership at an All-Time High



Source: Department of Housing and Urban Development.

The Federal Housing Administration (FHA) mortgage program is an important tool for reaching that goal. In 2006, 31 percent of those using FHA mortgages were minorities purchasing their first home. The 2008 Budget continues Administration efforts to modernize FHA by improving its ability to reach traditionally underserved homebuyers, such as low- and moderate-income families, individuals with blemished credit, and families who have little savings for a down payment. The Administration's proposal would base mortgage insurance premiums on the risk of the loan based on traditional credit variables, including the borrower's credit profile and the loan-to-value ratios. This will result in more families having access to market-rate mortgage financing and will provide financial incentives for families to improve their credit histories or save for a down payment.

Working to End Chronic Homelessness

The 2008 Budget continues the Administration's commitment to end chronic homelessness by creating new supportive housing options for these individuals. Chronically homeless persons are identified as individuals who have been on the street for long periods and have an addiction and/or suffer from a disabling physical or mental condition. Across the country, local leaders and nonprofit organizations have embraced this goal with over 200 jurisdictions committing to 10-year plans to end chronic homelessness. A number of the jurisdictions that have implemented their plans are seeing steady decreases in the number of chronic homeless individuals on their streets and in shelters. The Budget proposes a \$50 million increase, to \$1.6 billion, for HUD's Homeless Assistance Grants, which received an Effective rating in the 2006 Program Assessment Rating Tool assessment due to its strong program design and performance measures.

Using the Community Development Block Grant (CDBG) Program Effectively

The President's Budget provides \$3 billion for CDBG and advances a reform agenda that will distribute resources more equitably and promote efficiency. The current CDBG formula allocates a disproportionate amount of resources to areas with relatively few critical development needs while other, needier areas go underserved. Additionally, HUD continues to work with State and local authorities in the stewardship of \$16.7 billion in supplemental CDBG disaster funds to assist in the long-term recovery and rebuilding of the Gulf Coast. Ensuring the effective and proper use of these funds is critical to both the region and the American taxpayer.

Managing for Success

In the past several years, HUD has taken many notable steps in improving its management and performance, and the President's Budget strengthens these efforts. HUD recently completed a comprehensive workforce analysis and is now working to implement critical findings, such as optimizing its human capital structure. Furthermore, technology investments are helping HUD gather and utilize data to improve its programs and management agency-wide. HUD is also continuing to reduce its improper payments and build improved financial systems to better serve both taxpayers and its clients. These efforts and others like them have helped HUD garner several noteworthy recognitions, such as improving its internal controls to eliminate any material weakness in the Department's annual financial audit and gaining recognition as a leader among Federal agencies in information technology use.

Department of Housing and Urban Development
(In millions of dollars)

	2006 Actual	Estimate	
		2007	2008
Spending			
Discretionary Budget Authority:			
Community Development Fund.....	4,178	4,215	3,037
CDBG cancellation.....	—	—	—356
HOME Investment Partnerships Program.....	1,757	1,805	1,967
<i>American Dream Downpayment Initiative (non-add)</i>	25	25	50
Homeless Assistance Grants.....	1,327	1,353	1,586
Housing Opportunities for Persons with AIDS.....	286	296	300
Tenant-based Rental Assistance.....	14,011	15,081	16,000
Project-based Rental Assistance.....	5,037	5,458	5,813
Housing Certificate Fund.....	-605	-2,050	-1,300
Public Housing.....	5,984	5,772	6,024
Native American Housing Block Grant.....	624	624	627
Revitalization of Severely Distressed Public Housing (HOPE VI) ...	99	183	-99
Housing for the Elderly.....	726	747	575
Housing for Persons with Disabilities.....	231	240	125
Federal Housing Administration (FHA).....	-654	65	-268
Lead Hazard Reduction.....	150	150	116
All other HUD programs.....	906	730	1,054
Total, Discretionary budget authority.....	34,057	34,669	35,201
<i>Memorandum: Budget authority from enacted supplementals</i>	17,090	—	—
Total, Discretionary outlays.....	41,978	45,948	46,857
Total, Mandatory outlays.....	457	-3,112	-2,453
Total, Outlays.....	42,435	42,836	44,404
Credit activity			
Direct Loan Disbursements:			
FHA.....	3	51	51
Total, Direct loan disbursements.....	3	51	51
Guaranteed Loan Disbursements:			
FHA.....	79,623	64,917	91,510
All other programs.....	538	579	621
Total, Guaranteed loan disbursements.....	80,161	65,496	92,131