

HUD budget proposal for 2008 reaches \$35.2 billion; 4.5% increase over 2007

by Bend Weekly News Sources

Proposal seeks 180,000 new rental vouchers and a record \$1.6 billion in homeless assistance

U.S. Housing and Urban Development Secretary Alphonso Jackson on Monday unveiled the Bush Administration's Fiscal Year 2008 Budget request, which seeks to expand record homeownership, promote affordable housing and assist homeless individuals and families. President Bush is seeking \$35.2 billion for HUD, which represents a \$1.6 billion or 4.5 percent increase over his proposed spending plan for FY 2007.

HUD Secretary Alphonso Jackson

"This budget continues President Bush's deep commitment to build an ownership society while recognizing the need to promote affordable housing programs across the country," said Jackson. "In addition, the President is making certain that HUD's budget once again includes record funding for those who might otherwise be living on our streets. Our budget reflects the President's goal to support what works and cut the Federal budget deficit by prioritizing funding towards programs with measurable, documented results."

Jackson said HUD's FY 2008 spending blueprint will support the Department's core missions, particularly expanding homeownership and caring for those most in need. The FY 2008 Budget seeks a record \$1.6 billion to support thousands of local programs that serve the homeless, as well as increases for rental assistance for low-income families.

Expanding Homeownership

More Americans own their own homes than ever before, helping to fuel and sustain economic growth in neighborhoods throughout the United States. In June 2002, President Bush challenged the nation to close the minority homeownership gap by increasing the number of minority homeowners by 5.5 million by the end of this decade. Since the President issued his challenge, 3.5 million minority families have joined the ranks of homeowners, putting the nation ahead of schedule to reach the President's goal. The FY 2008 Budget includes increases to several programs that advance the President's goal of creating an ownership society:

The Federal Housing Administration (FHA) -- FHA is undergoing a historic transformation to give homebuyers who do not qualify for prime financing a better alternative to high-cost, high-risk loan products. Many of these types of non-traditional mortgages lead to high foreclosure rates. This Budget continues the legislative proposal to modernize the FHA's mortgage insurance program so that tens of thousands of potential homebuyers have access to a safer financing tool. Through the Expanding American Homeownership Act of 2006, HUD hopes to provide solutions for homebuyers who do not qualify for prime financing, giving them more affordable and safer ways to achieve the American Dream. Secretary Jackson will ask Congress to reintroduce this much-needed legislation, which passed the House last year with bipartisan support but was not acted upon by the Senate.

HOME Investment Partnerships (HOME) Program -- HOME is the largest federal block grant program dedicated to creating affordable housing for low-income families. The Administration is proposing \$2 billion for the HOME program in FY 2008, an increase of \$252 million from FY 2006, the last enacted budget. Each

HOME dollar allocated to a local jurisdiction traditionally leverages more than three dollars from other public and private sources.

The American Dream Downpayment Initiative (ADDI) -- The FY 2008 Budget seeks \$50 million to help first-time homebuyers pay for downpayment and closing costs, the largest obstacle to homeownership. Since President Bush signed this initiative into law three years ago, ADDI has helped more than 21,000 families to purchase their first home. More than half of these families are minority first-time homebuyers.

Self-Help Homeownership Opportunity Program (SHOP) -- HUD's SHOP Program helps families to realize the American Dream of homeownership through so-called sweat equity grants. Those who benefit from SHOP funds must contribute at least 100 hours of their own labor to help construct or rehabilitate their new home. The Budget seeks \$40 million for SHOP, a 100 percent increase over the FY 2006 appropriation.

Housing Counseling -- The proposed Budget requests \$50 million, an \$8.4 million increase over 2006, to support hundreds of housing counseling programs across the country. These programs offer a wide array of counseling services to prepare families to buy their first home, to avoid predatory lending practices, and assist current homeowners facing default. Housing counseling is the most cost-effective way to educate renters and homeowners to make informed financial decisions and avoid high-risk, high-cost loans that place them at greater risk of foreclosure.

Indian Home Loan Guarantee Program (Section 184) -- HUD's Section 184 Indian Housing Loan Guarantee Program is designed to offer home ownership, property rehabilitation and new construction opportunities for eligible tribes, Indian Housing Authorities and Native Americans. HUD's FY 2008 Budget increases the loan guarantee limit to \$367 million for HUD's successful Section 184 Loan Guarantee Program, which will help more Native Americans become homeowners. This represents a \$251 million increase over the enacted FY 2006 Budget and \$116 million over the FY 2007 request.

Rental Assistance for Low-Income Housing

The FY 2008 Budget proposes a total of \$16 billion in funding for tenant-based rental assistance including HUD's Housing Choice Voucher Program. This represents a nearly \$582 million increase over FY 2006 levels. In addition, HUD's budget seeks \$5.8 billion in Section 8 Project-Based rental assistance, an increase of \$776 million over 2006 levels. This request will allow HUD to renew all existing rental housing assistance contracts. The Department estimates its combined rental assistance programs will help 3.4 million American families to afford a decent home.

To help even more low-income families find affordable housing, the President is proposing significant reforms to the Department's Housing Choice Voucher Program that would help up to 180,000 more low-income families in addition to the two million households the program currently serves. In the FY 2008 Budget request, the President is asking for \$16 billion, nearly \$100 million over the FY 2007 request.

Housing for the Homeless & Persons Living with HIV/AIDS

Continuum of Care -The President is again proposing a record level of funding to house and serve homeless persons and families. The FY 2008 Budget seeks \$1.586 billion through HUD's Continuum of Care and Emergency Shelter Grant programs. This request represents \$259 million more than the FY 2006 appropriation. Since 2001, HUD has awarded nearly \$9 billion in homeless assistance nationwide. This funding will support more than 5,000 local housing and service programs that provide emergency, transitional, and permanent supportive housing to more than 160,000 persons.

Housing Opportunities for Persons with AIDS (HOPWA) -- The FY 2008 Budget seeks \$300 million to

support stable housing, improved access to health care, and more supportive services for low-income persons living with HIV/AIDS -an increase of \$14 million over FY 2006. Through formula grants to States and local communities, as well as competitively awarded grants, these resources will provide critically needed housing assistance to 67,000 persons and families.

Fair Housing

One of HUD's core missions is to increase access to affordable housing free from discrimination. As the Department continues to make progress to close the minority homeownership gap, it is critical that HUD's fair housing program bring about greater equality in housing by protecting the right of families and individuals to live where they choose.

For FY 2008, the Budget includes \$45 million to support enforcement, education and outreach efforts to ensure that Americans are not denied housing based on their race, religion, sex, family status or disability. This requested amount supports HUD's ongoing efforts to combat discrimination across the nation, particularly against persons with disabilities. Protecting the fair housing rights of persons with disabilities continues to be a Departmental priority.

Community Development

The FY 2008 Budget proposes to fund the Community Development Block Grant (CDBG) Program at \$3 billion. The program's underlying formulas have remained essentially the same since 1978 while the nation's demographics have changed significantly. It is increasingly clear that an outdated formula that once measured the needs of urban America no longer reflects the modern needs of today's cities, larger urban counties and States.

The Department will continue to pursue formula fairness by appealing to Congress to approve a new allocation formula that will more effectively target CDBG funding to areas of greatest need, which is often not the case currently. In addition, HUD will work to boost performance measurements within CDBG to ensure these critically needed dollars produce the results the program was designed to achieve. The FY 2008 proposal is in line with the President's commitment to target limited resources where they are most needed on programs that work.

NOTE: To read HUD's FY 2008 Budget Summary, visit HUD's website.