



March 2022

THE FY23 HUD BUDGET PROPOSAL

On March 28, 2022, the Biden Administration released its fiscal year 2023 (FY23) budget request. The proposal is a substantial increase over previous years, and requests \$71.9 billion in discretionary funding for HUD, a \$11.6 billion or 9.4 percent increase over the FY22 level.

Highlights from the HUD proposal include a substantial investment and increase in housing vouchers, including new incremental vouchers to support up to 200,000 units, funding for the Rental Assistance Demonstration (RAD) program to support housing authorities unable to convert to the program using existing funding, and increased funding for self-sufficiency programs.

Recognizing the importance of public housing and other multifamily assisted housing, the budget proposal claims it “not only fully funds operating costs across this portfolio and provides critical Public Housing capital investments, but also provides about \$900 million in resources across HUD programs for modernization activities aimed at energy efficiency and resilience to climate change impacts. These investments would help improve the quality of public and HUD-assisted housing while creating good-paying jobs.”

Below is a review of the Administration-proposed funding levels for some HUD programs of interest, along with selected explanations from the HUD congressional justifications (CJs) and explanations from the HUD budget appendix (Appendix). Some text is **bolded** and/or *italicized* in part for emphasis.

PUBLIC HOUSING FUND – HUD proposes \$8.78 billion in FY23. This is \$329 million more than the amount enacted in FY22. The FY21 HUD appropriations bill combined the Public Housing Capital Fund and the Public Housing Operating Fund into a Public Housing Fund with outlays continuing to be made from the two separate accounts.

According to the CJ, “Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD’s department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department’s customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.”

Public Housing Operating Fund - HUD proposes \$5.035 billion distributed by formula in FY23. This is \$3 million less than the \$5.038 million enacted in FY22. CLPHA is concerned about the reduction since the CJ indicates that *“funding at this level is projected to be sufficient to cover 100 percent of public housing operating expenses.”* CLPHA will seek further clarification from HUD on this apparent discrepancy.

Public Housing Capital Fund - HUD proposes \$3.2 billion distributed by formula in FY23. This is equal to the enacted amount in FY22, and \$1.8 billion less than the \$5.0 billion CLPHA request.

From the total amount requested, additional program set-asides include: \$60 million for Housing Health Hazards; \$25 million for lead-based paint hazards; \$20 million for emergency and disaster grants; \$20 million for safety and security grants; \$45 million for administrative and judicial receiverships, and troubled and high-risk housing authorities; \$25 million for housing authority operating shortfall prevention; \$50 million for financial and physical assessment support; \$300 million for energy efficiency and climate resilience, of which \$176 million is intended for the Public Housing Rapid Return Utility Conservation Program; \$100 million for the Climate Resilience Program; and \$24 million for Public Housing Utilities Benchmarking.

Public Housing Operating Fund	\$5.038 billion
Public Housing Capital Fund	\$3.2 billion
Emergency and Disaster Grants	\$20 million
Lead Based Hazard Grants	\$25 million
Safety and Security	\$20 million
Administrative & Judicial Receivership, Troubled PHAs	\$45 million
Health Hazard Competitive Grants	\$60 million
Shortfall Funding	\$25 million
Financial and Physical Assessments	\$50 million
Energy Efficiency and Climate Resiliency Grants	\$300 million

Of the \$300 million for energy efficiency and climate resilience, \$276 million is intended for the Public Housing Rapid Return Utility Conservation and Climate Resilience Program and \$24 million to promote and implement utilities benchmarking across the public housing portfolio. According to the CJ, *“as part of the Administration’s whole-of-government approach to the climate crisis, HUD’s Budget includes \$800 million to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income communities, the very communities served by HUD programs. HUD’s Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 4.5 million units of public and assisted housing (mitigation), and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.”*

The CJ also noted that the last portfolio-wide Capital Needs Assessment (CNA) was completed in 2010 and *“HUD is currently engaging with a contractor on a portfolio-wide study that assesses (1) the usefulness of underlying capital needs data available to HUD and PHAs; (2) how PHAs estimate capital needs and best practices employed in doing so; and (3) estimates the nationwide capital needs of public housing, while recommending future estimation methods.”*

HUD is proposing legislative language changes regarding the following:

Capital and Operating Fund Flexibility. Under current law, Public Housing appropriations are designated as “Operating” or “Capital,” each of which has a separate list of eligible uses in statute. Small PHAs (i.e., operating <250 units) have full flexibility between Operating and Capital Funds, but non-small PHAs are only able to use 20 percent flexibly. **HUD proposes to grant full flexibility to all PHAs.**

Operating Fund accommodates Jobs Plus rent incentive. The amount of any foregone tenant rent payments due to the implementation of rent incentives from the Jobs-Plus initiative should be factored into the PHA’s general operating fund eligibility instead of coming out of the PHA’s Jobs Plus grant. This will allow PHAs to use their Jobs Plus grants to encourage self-sufficiency, not cover rent payments.

Capital and Operating Fund Formula Grant Corrections. HUD requests authority to correct formula errors for any HUD formula program on a prospective basis by offsetting amounts from any previously overpaid grantee(s)’ award(s) in the current fiscal year and distributing those funds to grantees in the current fiscal year that previously received less formula funding than they would have as a result of the error in the prior fiscal year.

Moving to Work (MTW) Implementation. *The provision provides HUD an extra three years to implement the MTW expansion because of delays attributable to the COVID-19 pandemic.*

HOUSING CHOICE VOUCHER (HCV) PROGRAM - HUD proposes \$32.130 billion in FY23. This is \$4.76 billion more than the \$27.37 billion enacted in FY22. The budget includes a substantial expansion of incremental vouchers in the Tenant Based Rental Assistance (TBRA) account for approximately 200,000 new “incremental” vouchers to expand affordable housing and provide greater access to areas of opportunity.

In what is becoming an annual ritual, HUD continues to provide language to offset housing authority allocations by the excess amount of public housing agencies’ net restricted assets accounts and continues to propose deleting the language “*excluding amounts subject to the single fund budget authority provisions of their MTW agreements.*” Congress has repeatedly rejected HUD’s determination to eliminate this language while protecting the MTW single fund budget authority provisions. CLPHA will continue to resist HUD’s efforts to delete the language.

Housing Choice Voucher Renewals - HUD proposes \$26.234 billion in FY23. This is \$2.139 billion more than the \$24.095 billion enacted in FY22. The budget also includes \$667 million to renew Section 811 mainstream housing vouchers for persons with disabilities.

Based upon HUD’s assumptions “*the amounts in this budget will fund TBRA and Mainstream Housing Assistance Payments (HAP) to PHAs at 100 percent proration in 2023, which will maintain current services for approximately 2.3 million participants and expand housing assistance to additional families, which is in alignment with HUD’s 2022-23 priority goal to increase the utilization of housing choice vouchers, including vouchers for special populations.*” Additionally, “*the requested funding level of \$26.2 billion for contract renewals in the TBRA account will cover the costs incurred from expected leasing increases in 2022. Of this amount, more than \$750 million will be used to renew more than 80,000 HUD-VASH vouchers for veterans.*” CLPHA strongly supports the Administration position to provide 100 percent operational funds to administer the program.

Rental Assistance Demonstration (RAD) Conversion Subsidy - HUD proposes \$50 million in FY23. This amount is included in the amounts for voucher contract renewals. According to the Appendix, this amount is “*to support the cost-effective conversion of public housing properties that are unable to convert to Section 8 using only the funds provided through existing appropriations. This request would permit PHAs who want to participate in the Rental Assistance Demonstration (RAD) to convert approximately 30,000 units and, in the process, holistically address critical property needs, environmental hazards, energy inefficiencies, and increase housing choice for residents. Combined with the \$50 million requested in the PBRA account, this request would permit PHAs to generate an estimated \$1.8 billion in financing to re-invest in impacted communities or to bring deep rental assistance into neighborhoods of opportunity.*” CLPHA strongly supports this funding request for RAD.

Housing Choice Voucher (HCV) Administrative Fees - HUD proposes \$3.014 billion in FY23. This is \$603 million more than the \$2.411 billion enacted in FY22. According to the CJ. The three billion in funding for administrative fees would “*provide PHAs with 100 percent of the funds for which they are eligible, compared to the roughly 80 percent that they have received in recent years. HUD believes higher fees are necessary to support additional leasing and to advance the administration’s strategic goal of increasing access to affordable housing.*”

CLPHA applauds the Administration and strongly supports their proposal to substantially increase the administrative fees account to enable no proration and 100 percent eligibility to housing authorities. However, CLPHA continues to believe labeling these amounts as fees is misleading and diminishing as to their significance. To reflect and convey the importance and extent of Administrative Fees as essential to the administration of the HCV program, CLPHA continues to strongly support renaming Administrative Fees as the Voucher Operations Fund. The new incremental vouchers could target individuals and families that are experiencing or at-risk of homelessness and individuals and families fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, or stalking.

Incremental Vouchers – HUD proposes \$1.555 billion in FY23. This is \$1.355 billion more than the \$200 million enacted in FY22. This amount is expected to fund approximately 200,000 new incremental vouchers to expand affordable housing and provide greater access to areas of opportunity. According to the CJ, *“the new incremental vouchers could target individuals and families that are experiencing or at-risk of homelessness and individuals and families fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, or stalking.”* CLPHA strongly encourages the Administration to support sufficient operational funds to administer the expansion of the program.

Tenant Protection Vouchers (TPVs) - HUD proposes \$220 million in FY23. This is \$120 million more than the \$100 million enacted in FY22. According to the CJ, *“Tenant Protection Vouchers are a critical component to revitalizing public housing units. The estimated number of TPV actions in 2023 is approximately 46,360 units. The requested funding level of \$220 million combined with 2022 carryover funds is sufficient to meet the estimated need.”* CLPHA strongly supports this proposed increase for TPVs in the Administration's budget.

However, the family unification program (FUP) an eligible expense under the TPV program which received \$30 million in the FY22 enacted budget, is not recommended for funding by HUD in FY23. According to the CJ, from the contract renewal account there will be *“\$292 million to renew more than 21,000 FUP special purpose vouchers (SPVs) issued to families in prior years, which PHAs must reissue only to qualifying participants upon turnover, either from their waiting lists or referrals.”*

VASH Vouchers - HUD proposes no new funding in FY23. This is \$50 million less than the amount enacted in FY22. According to HUD, from the contract renewal account *“more than \$750 million will be used to renew more than 80,000 HUD-VASH vouchers for veterans, and up to \$5 million will be necessary to maintain current services for 360 Tribal HUD-VASH participants.”*

Mobility-Related Services – HUD proposes \$445 million in FY23. This is \$420 million more than the \$25 million enacted in FY22. According to the CJ, this amount will *“enable PHAs to provide approximately 148,000 families with children with evidence-based Mobility-Related Services, including robust housing search and security deposit assistance, help connecting with schools, health services, and childcare, as well as to offer modest incentive payments to encourage landlords to rent units to families with vouchers.”*

Section 811 Mainstream Renewals – HUD proposes \$667 million in FY23. According to the CJ, *“Mainstream Renewals are contracts and administrative fees originally funded under the Section 811 Tenant-Based program. The Housing for Persons with Disabilities (Section 811) program provides tenant-based assistance for persons with disabilities to access affordable, private housing of their choice. The requested \$667 million will support over 64,000 Mainstream voucher holders. The requested funding also includes administrative fees for the renewed vouchers. This amount does not include funding for new incremental vouchers in calendar year 2023.”*

HUD is proposing legislative language changes regarding the following:

Repair Timeframe Flexibility for Housing Choice Voucher (HCV): HUD requests language that would provide HUD the authority to adjust timelines for non-life-threatening repairs under the HCV program and align inspection requirements across HUD programs, as is intended by the National Standards for the Physical Condition of Real Estate (NSPIRE).

Pre-Qualifying Unit Inspections: HUD requests language to allow PHAs with high HCV utilization rates to conduct pre-qualifying inspections or “pre-inspections” for units not actively linked to a specific HCV family.

Triennial Recertification to Promote Family Wealth Building: HUD requests language that would provide the Department with the discretion to allow PHAs to implement triennial recertification of income, such as is currently available to PHAs for fixed-income families, instead of annual or biennial. Triennial recertifications of income would promote family wealth building.

CHOICE NEIGHBORHOODS INITIATIVE - HUD proposes \$250 million in FY23. This is \$100 million less than the amount enacted in FY22. From the available funds, HUD is expected to *“allocate up to \$5 million for Planning Grants to fund 10-12 new grants, which will allow those communities the funding necessary to develop meaningful neighborhood transformation plans ready for implementation. Approximately \$235 million will enable HUD to award 5 to 7 additional Implementation Grants, which will provide those communities the funds necessary to implement their neighborhood transformation plans... Additionally, up to \$10 million will be used to fund planning and implementation grants specifically targeted to communities in proximity to Superfund sites through a pilot of the Revitalization and Empowerment of Communities near Contaminated Lands through Assistance, Investment, and Mitigation (RECLAIM) program.”*

HUD is proposing appropriations legislative language changes regarding the following:

Extension of the Period of Availability (POA): *HUD requests language to extend the POA to obligate funds by an additional year for Choice Neighborhoods appropriations in 2023 and subsequent years, from three years to four years. Thus, the POA for 2023 Choice Neighborhoods appropriations would extend through September 30, 2026. This will provide additional time for grantees to expend funds prior to the expenditure deadline.... Grantees must currently expend all grant funding within 5 years after the period of availability for obligation by HUD ends. In light of ongoing complications caused by the COVID-19 pandemic, this extension of grant periods is needed to allow grantees additional time to fully complete all phases of their housing redevelopment and fully expend their Choice Neighborhoods grant funds. HUD is requesting to extend the grant period for the fiscal year 2015 through fiscal year 2021 Choice Neighborhoods grants by one year to allow them to fully complete their housing plans.”*

SELF SUFFICIENCY PROGRAMS (FSS) - HUD proposes \$175 million total for the Self-Sufficiency Program in FY23. This is \$16 million more than the enacted amount in FY22. Of the amount requested, \$120 million is for the Family Self Sufficiency Program, \$11 million above the FY22 enacted level; \$35 million is for the Resident Opportunities and Self-Sufficiency (ROSS) program equal to the FY22 enacted level; and \$20 million for the Jobs-Plus Pilot Program, \$5 million above the FY22 enacted level.

According to the CJ, “with funding at the requested level, FSS will be able to fund approximately 1,450 FSS coordinators to support 67,000 families in public housing, voucher housing, and multifamily housing. Jobs Plus funding will allow HUD to fund up to 10 new grantees, and ROSS will fund 150 ROSS coordinators to support over 65,000 households in public housing and NAHASDA-assisted units.”

HUD is proposing appropriations legislative language changes regarding the following:

Jobs Plus Expansion beyond Public Housing: *HUD requests account language authorizing the expansion of Jobs Plus eligibility to fund place-based communities within not only Public Housing, but also Project Based Rental Assistance (PBRA) developments and Project Based Voucher (PBV) developments.*

Jobs Plus Reduction of Grant Cost Burden: *HUD requests a provision to allow the Jobs Plus financial and rent incentive to be paid from the housing assistance source account rather than the Jobs Plus grant. Corresponding language is included in the TBRA, PBRA, and Public Housing Fund accounts.*

PROJECT-BASED RENTAL ASSISTANCE (PBRA) - HUD proposes \$15 billion in FY23. This is \$1.6 billion more than the \$13.490 billion enacted in FY22, with up to \$375 million to be allocated for contract administration. Among other requested statutory changes to the program, the budget also requests modifications to the RAD statute to expand and improve RAD conversions to both PBRA and Project-Based Vouchers (PBV), including eliminating the cap on public housing units that may convert and the application sunset date; ensuring availability of services for residents following a RAD conversion to PBRA or PBV under the first component particularly for resident services funded under the Jobs Plus,

Resident Opportunities for Self-Sufficiency (ROSS), and Congregate Housing Services Program (CHSP) programs awarded prior to conversion; permitting conversion and integration of TPV budget authority following a Section 18 approval into RAD PBRA or PBV contracts, and permitting previously converted properties that have both a PBV and a PBRA contract to combine those contracts into one platform (i.e. either PBRA or PBV).

HOUSING SUPPLY FUND (MANDATORY REQUEST) – HUD proposes \$35 billion in FY23 for *“a new mandatory program providing grants to State and local housing finance agencies and their partners to invest in strategies to increase the supply of affordable housing.”* According to the CJ, *“the Budget proposes \$50 billion in mandatory funding and additional Low-Income Housing Tax Credits to address market gaps, increase housing supply, and help to stabilize housing prices over the long term.”*

“This proposal will provide \$35 billion for a Housing Supply Fund at HUD for State and local housing finance agencies and their partners to provide grants, revolving loan funds and other streamlined financing tools, as well as grants to advance State and local jurisdictions’ efforts to remove barriers to affordable housing development. The Department of the Treasury will administer approximately \$10 billion in additional investments of Low-Income Housing Tax Credits and \$5 billion for Community Development Financial Institutions to finance new construction or substantial rehabilitation that results in a net increase in available high-quality of both rental and single-family housing....These resources will be used to support housing for renters and homebuyers with low to moderate incomes, including families with up to 150 percent of AMI in high-cost areas as determined by HUD.”

As a legislative proposal for a new program with mandatory federal funding, the Housing Supply Fund would be subject to congressional PAYGO requirements.

CLIMATE INITIATIVE – HUD proposes \$800 million in FY22. HUD proposes a new climate initiative for targeted investments to improve the quality of housing through climate resilience and energy efficiency. According to the CJ *“as part of the Administration’s whole-of-government approach to the climate crisis, the Department is committed to expanding efficient and resilient housing options in public and other HUD-assisted housing. Funds will support a new program, the Green and Resilient Retrofit Program within Multifamily Housing, and fund initiatives within existing programs such as the Rental Assistance Demonstration, Public Housing, Native American Housing, and Choice Neighborhoods. HUD will continue with a robust set of measures to strengthen minimum codes and standards, incentivize investments in energy-efficient, high-performance buildings, and provide technical assistance to HUD partners to implement proven measures such as utility benchmarking to lower energy use and resulting carbon emissions in their properties.... Of the \$1.065 billion in climate related requests, \$55.5 million is requested for furthering utility benchmarking at public and multifamily assisted housing properties.”*

Climate investments are proposed in the following program areas:

Program Office	Budget Activity	2022 President's Budget Request for Climate Initiatives
Public and Indian Housing	Public Housing Fund	\$300 million
Public and Indian Housing	Native American Programs	\$150 million
Public and Indian Housing	Choice Neighborhoods	\$250 million
Housing (Multifamily)	Green and Resilient Retrofit	\$250 million
Housing (Multifamily)	Rental Assistance Demonstration	\$110 million
PD&R	Climate-related research	\$5 million
Total		\$1.065 billion

Public Housing Fund: \$300 million for climate initiatives awarded through competitive grants for efficiency upgrades in public housing. According to the CJ, *“\$276 million is intended for the Public Housing Rapid Return Utility Conservation and Climate Resilience Program to be awarded through competitive grants to pay for efficiency upgrades and climate resilience in public housing. The remaining \$24 million is intended to promote and implement utility consumption*

benchmarking across the public housing portfolio via research, evaluation, technical assistance, and contracts, as well as the collection and analysis of data.”

Choice Neighborhoods: \$250 million will be available to the program to advance *“climate resilience and environmental justice by redeveloping and replacing distressed public and multifamily housing and neighborhood amenities with resilient and energy-efficient structures.”*

Rental Assistance Demonstration (RAD) Program: \$110 million to *“transition approximately 30,000 public housing units and 3,000 202 Project Rental Assistance Contract units to a more sustainable platform – \$60 million under the Project Based Rental Assistance Program (PBRA) and \$50 million under the Tenant Based Rental Assistance Program (TBRA). As part of the conversion to either PBRA or TBRA, properties undergo an extensive review and mitigation/improvement process. This will enable public housing authorities and multifamily owners to holistically address critical property needs, environmental hazards, energy inefficiencies, and increase housing choice for residents.”*

Green and Resilient Retrofit Program - \$250 million to provide funding to the owners of multifamily-assisted properties to rehabilitate these properties to be more energy efficient, healthier, and more resilient to natural disasters and extreme weather events. The program will provide \$207.5 million for grants and loans for energy retrofits, green investments, and climate resilience improvements. Funding is for up to approximately 10,000 units at multifamily-assisted properties nationwide; \$31.5 million for benchmarking data collection and systems; \$5 million for IT investments; and \$11 million for administrative contract expenses.

Policy Development and Research - \$5 million to *“fund research in housing, climate adaptation, and resilience, to be administered by the Office of Policy Development and Research. This could include studying opportunities to mitigate the climate-related risk to HUD properties and HUD-assisted households, evaluating existing programs supporting recovery from and resilience to environmental threats, and researching energy efficiency and environmental justice issues in the nation’s housing stock.”*

GENERAL PROVISIONS

SEC. 210. Permits small PHAs with 400 or fewer units to elect not to operate under asset management.

SEC. 211. Prohibits HUD from imposing requirements or guidelines related to asset management that restricts or limits the use of capital funds for PHAs’ central office/overhead costs.

SEC. 213. Requires HUD to notify the public through the Federal Register and other means of the issuance of a notice of the availability of assistance or notice of funding availability (NOFA) for any program or discretionary fund administered by HUD that is to be competitively awarded. HUD may make the NOFA available only on the Internet at the appropriate Government website or through other electronic media.

SEC. 216. PHA EXECUTIVE COMPENSATION – Restricts the amount of Section 8 (under the tenant based rental assistance program) and Section 9 funding that public housing agencies can use to pay employees above the annual rate of basic pay for a position at level IV of the Executive Schedule in FY22.

SEC. 224. MOVING TO WORK FLEXIBILITIES – Any public housing agency designated as a Moving to Work agency may use funds (except for special purpose funding, including special purpose vouchers) previously allocated under section 8 or 9 of the United States Housing Act of 1937, including any reserve funds held by the public housing agency or funds held by HUD, notwithstanding the purposes for which such funds were appropriated. This provision addresses the establishment of reserves for public housing agencies designated as Moving to Work agencies.

SEC. 225. PROHIBITION ON LIMITING LEAD BASED PAINT EVALUATIONS – Prohibits funds from being used to make certain eligibility limitations for any public housing agency under receivership or the direction of a Federal monitor from

applying for, receiving, or using funds made available under the heading "Public Housing Fund" for competitive grants to evaluate and reduce lead based paint hazards in this Act or that remain available and not awarded from prior Acts, or be used to prohibit a public housing agency from using such funds to carry out any required work pursuant to a settlement agreement, consent decree, voluntary agreement, or similar document for a violation of the Lead Safe Housing or Lead Disclosure Rules.

SEC. 228. CHOICE NEIGHBORHOODS EXPENDITURES – *“(a) Funds previously made available in the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113–6) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2017 are to remain available through fiscal year 2023 for the liquidation of valid obligations incurred in fiscal years 2015 through 2017...(2) If this Act is enacted after September 30, 2022, this section shall be applied as if it were in effect on September 30, 2022.”* This provision extends the expenditure period for previously appropriated Choice Neighborhoods funds.

SEC. 229. MOVING TO WORK DESIGNATION PERIOD – Extends the selection period from 7 to 10 years for the MTW demonstration adding an extra three years to implement the MTW expansion because of delays attributable to the COVID-19 pandemic.

SEC. 232. RENTAL ASSISTANCE DEMONSTRATION – Eliminates the unit cap on the number of public housing conversions that can be completed relying solely on existing public housing funding levels and eliminates the statutory application deadline.