

# NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

National Affordable Housing Management Association – 400 N. Columbus Street, Suite 203 - Alexandria, VA 22314  
Phone 703-683-8630 - Fax 703-683-8634 - [www.nahma.org](http://www.nahma.org)



June 25, 2021

NAHMAanalysis 2021-0625

### President Biden's FY22 Budget Request: HUD and USDA

On May 28, 2021, President Biden submitted to Congress his Administration's Fiscal Year 2022 (FY22) budget. The budget request totals \$6 trillion and provides the Biden administration's fiscal priorities. The new spending request largely reflects the major proposals previously outlined under the administration's \$2.3 trillion American Jobs Plan to modernize the nation's infrastructure and the \$1.8 trillion American Families Plan to invest in education and social safety net improvements.

Of this amount, a request for \$68.7 billion is made for the U.S. Department of Housing and Urban Development (HUD), and a request for \$27.8 billion is made for the U.S. Department of Agriculture (USDA). This NAHMA Analysis will highlight affordable housing and community development programs from both agencies' FY22 budget request.

### FY22 Budget Request – HUD Programs

The Administration's FY22 budget requests \$68.7 billion for HUD programs, which is a \$9 billion increase above the current FY21 enacted level. Below is a breakdown of key rental assistance programs with proposed funding levels for FY22:

- **Tenant-Based Rental Assistance (vouchers):** The FY22 budget proposes over \$30.4 billion for the voucher program, a \$4.6 billion increase from the funding level provided in FY21 enacted levels. This includes \$25 billion for Contract Renewals (HAP), \$100 million for Tenant Protection Vouchers (TPV), \$508 million for Section 8 Mainstream Renewals, \$491 million for Mobility Services, a new program for 2022 that will assist families to move to high-opportunity neighborhoods, and \$1.6 billion for Incremental Vouchers, a new effort that could result in 200,000 additional families receiving support, including those who are homeless or fleeing from domestic violence.
- **Project-Based Rental Assistance (PBRA):** The budget proposes about \$14.060 billion for PBRA, including \$13.455 billion to renew all expiring contracts. This PBRA request includes \$355 million for performance-based contract administrators (PBCAs), and \$30 million for Budget-Based Rent Increases (BBRIs) to cover the cost of service coordinators.
- **Section 202 Housing for the Elderly:** The budget requests \$928 million for Section 202 housing, an increase of \$73 million from the FY21 enacted levels. This includes \$700 million

for contract renewals, \$100 in new Capital Advance funding, and \$125 million to fund service coordinators.

- **Section 811 Housing for Persons with Disabilities:** The budget requests \$272 million for Section 811 housing, an increase of \$45 million from the FY22 enacted levels. This also includes \$80 million for capital advance and project rental assistance.
- **Climate Initiative/Green and Resilient Retrofit Program:** The budget requests \$800 million for targeted investments to improve the quality of housing through climate resilience and energy efficiency. Funds will be used to create a new Green and Resilient Retrofit Program within Multifamily Housing to be used as follows: “\$212.5 million for grants and loans for energy retrofits, green investments, and climate resilience improvements for approximately 15,000 units at approximately 150 project-based rental assisted properties nationwide; \$25 million for utility benchmarking data collection and systems; and \$12.5 million for administrative contract expenses which will enable HUD to quickly scale up the program and realize improvements.” Investments are proposed in the following program areas: Public Housing Fund - \$300 million; Native American Programs - \$100 million; Choice Neighborhoods - \$50 million; Multifamily Green and Resilient Retrofit - \$250 million; RAD - \$100 million (\$50 million for RAD PBRA and \$50 for RAD PBV).
- **Rental Assistance Demonstration:** The budget requests \$50 million for RAD conversion subsidy and modifications to the RAD statute to expand and improve the efficacy of RAD conversions to both PBRA and Project-Based Vouchers (PBV), including:
  - Eliminate the sunset date by which applications must be received.
  - Authorize conversion to PBRA or PBV for properties supported by Section 811 Project Rental Assistance Contracts (PRACs) and Senior Project Rental Assistance Contracts (SPRACs) to modernize housing for very low-income elderly persons and persons with disabilities.
  - Ensure continued availability of services for residents following a RAD conversion to PBRA or PBV by a) excluding existing service coordinators and service costs from the 120 percent of Fair Market Rent (FMR) rent cap for new Section 8 contracts so that properties serving the elderly can effectively be preserved without losing access to critical services and b) permitting the full implementation of the Jobs Plus Initiative program design following conversion of properties benefiting from Jobs Plus program grants.
  - Authorize conversion and integration into the RAD PBRA or RAD PBV contracts of the budget authority associated with the Tenant Protection Vouchers (TPV) issued following a Section 18 approval.
- **HOME Investment Partnerships Program:** For the HOME Investment Partnerships program, the FY22 Budget requests \$1.85 billion for the HOME Investment Partnerships Program, which is \$500 million more than the FY21 enacted level. This includes a new \$100 million set-aside for a FirstHOME Downpayment Assistance initiative to States and insular areas to better ensure sustainable homeownership.
- **Community Development Block Grant:** The President’s FY22 budget requests \$3.8 billion for the Community Development Fund, which is \$295 million more than the FY21 enacted level.

### Fiscal Year 2022 President's Budget Request (HUD)

HUD Program (\$ in millions)	FY21 Enacted	FY22 Request
<b>Tenant-Based Rental Assistance</b>	25,777	30,442
<b>Project-Based Rental Assistance</b>	13,465	14,060
<b>Section 202 Housing for Elderly</b>	855	928
<b>Section 811 Housing for Disabled</b>	227	272
<b>Public Housing Capital Fund</b>	2,942	3500
<b>Public Housing Operating Fund</b>	4,864	4,887
<b>CDBG</b>	3,475	3,770
<b>HOME</b>	1,350	1,850

### FY22 Budget Request – USDA Rural Housing Service

The President's FY22 budget request includes \$27.8 billion for USDA, a \$3.8 billion increase from the FY 2021 enacted level. USDA's FY22 budget proposes to eliminate some protections for Section 521 Rental Assistance (RA). It would delete a requirement that recaptured RA be reused for rehab, preservation, or RA., and deletes a provision from FY20 and FY21 appropriations that allows owners to request RA renewals for 20-year periods, subject to annual appropriations, which fund RA contracts for one year at a time.

USDA's budget summary shows \$1.450 billion for 521 Rental Assistance, \$40 million for Section 515 Rental Housing Direct Loans, \$45 million for Section 542 vouchers, \$32 million for MPR program, and \$230 million for the Section 538 multifamily loan guarantee program, which is the same enacted FY21 funding level.

### Fiscal Year 2021 President's Budget Request (USDA-RHS)

USDA Rural Dev. Programs (dollars in millions)	FY21 Enacted	FY22 Request
<b>Section 521 Rental Assistance</b>	1,410	1,450
<b>Section 515 Rental Hsg. Direct Lns.</b>	40	40
<b>Rental Prsrv. Demo. (MPR)</b>	28	32
<b>Section 542 Rural Hsg. Vouchers</b>	40	45
<b>Sectoin 538 Rental Hsg. Guar.</b>	230	230

## **Conclusion**

As history demonstrates, Presidential budget requests serve as a symbolic document that outlines an Administration's funding and policy priorities for future fiscal years. Congress controls the power to fund the government. Over the summer, Congress will begin drafting appropriations (spending) bills. To fund the government, the U.S. House of Representatives and U.S. Senate will each need to pass their own budget and 12 spending bills in both chambers, and then align those bills, before they are signed into law by the president. In the House, NAHMA expects spending bills will be passed along party lines in the House (only Democrats support), where Democrats have a slim majority. However, the Senate normally requires 60 votes and is currently split 50-50. In the Senate, Democrats and Republicans will have to agree on funding levels in their spending bills. Republicans have already expressed opposition to President Biden's proposed FY22 spending.

In late June, the House Appropriations Committee(s) started the process of drafting and voting on FY 2022 spending bills. NAHMA expects full committee votes to be held in early to mid-July. In late July, the Senate Appropriations Committees are expected to begin their drafting and voting process. To prevent a government shutdown on Oct. 1, Congress has until September 30, 2021, to pass new spending bills. NAHMA is encouraged to hear the bipartisan support expressed for affordable housing programs. However, there remains a high possibility that Congress will be unable to meet this deadline and will be required to enact a Continuing Resolution to keep the government functioning until a spending deal is reached. NAHMA will work with Congress to increase investments in affordable housing and community development programs, and we encourage our members to join our advocacy efforts through meetings with legislators and other advocacy opportunities.