

NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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

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April 6, 2022

NAHMAanalysis 2022-0406

President Biden's FY23 Budget Request: HUD and USDA

On March 28, 2022, President Biden submitted to Congress his Administration's Fiscal Year 2023 (FY23) budget request. The budget request totals \$5.8 trillion and provides the Biden administration's spending and policy priorities. In a statement, President Biden said, "*Budgets are statements of values, and the budget I am releasing today sends a clear message that we value fiscal responsibility, safety and security at home and around the world, and the investments needed to continue our equitable growth and build a better America.*"

Of this amount, a request for \$71.9 billion is made for the U.S. Department of Housing and Urban Development (HUD), and a request for \$28.5 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' FY23 budget request.

FY23 Budget Request – HUD Programs

The Administration's FY23 budget requests \$71.9 billion for HUD programs, which is more than a \$6 billion increase above the current FY22 enacted level. Below is a breakdown of key rental assistance programs with proposed funding levels for FY23:

- **Tenant-Based Rental Assistance (vouchers):** The FY23 budget proposes over \$32.1 billion for the voucher program, a \$4.7 billion increase from the funding level provided in FY22 enacted levels. This includes \$26.2 billion for Contract Renewals (HAP), \$220 million for Tenant Protection Vouchers (TPV), \$667 million for Section 8 Mainstream Renewals, \$445 million for Mobility Services, a new program for 2023 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 \$15 billion for PBRA, including \$14.325 billion to renew all expiring contracts. This PBRA request includes \$375 million for performance-based contract administrators (PBCAs).
- **Section 202 Housing for the Elderly:** The budget requests \$966 million for Section 202 housing, a decrease of \$67 million from the FY22 enacted levels. This includes \$742 million for contract renewals, \$100 in new Capital Advance funding, and \$120 million to fund service coordinators.

- **Section 811 Housing for Persons with Disabilities:** The budget requests \$288 million for Section 811 housing, a decrease of \$64 million from the FY23 enacted levels. This also includes \$82 million for capital advance and project rental assistance.
- **Housing Supply Fund:** The budget requests a new \$35 billion in mandatory funding over 10 years for a Housing Supply Fund to increase housing development. The fund would have two grant components: \$25 billion in grants for Affordable Housing Production and \$10 billion in grants to Reduce Affordable Housing Barriers.
- **Climate Initiative/Green and Resilient Retrofit Program:** Similar to last year’s budget request, this budget requests \$250 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: “\$207.5 million for grants and loans for energy retrofits, green investments, and climate resilience improvements for approximately 5,000 – 10,000 units nationwide; \$31.5 million for utility benchmarking data collection and systems; and \$11 million for administrative contract expenses which will enable HUD to quickly scale up the program and realize improvements.”
- **Rental Assistance Demonstration:** The budget requests \$110 million for RAD conversion subsidy and modifications to the RAD statute to expand and improve the efficacy of RAD conversions to both PBRA (\$50 million) and Project-Based Vouchers (PBV) (\$60 million).
- **HOME Investment Partnerships Program:** For the HOME Investment Partnerships program, the FY23 budget requests \$1.95 billion for the HOME Investment Partnerships Program, which is \$450 million more than the FY22 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 FY23 budget requests \$3.77 billion for the Community Development Fund, which is \$470 million more than the FY22 enacted level.

Fiscal Year 2023 President’s Budget Request (HUD)

HUD Program (\$ in millions)	FY22 Enacted	FY23 Request
Tenant-Based Rental Assistance	27,369	32,130
Project-Based Rental Assistance	13,940	15,000
Section 202 Housing for Elderly	1033	966
Section 811 Housing for Disabled	352	288
Housing Supply Fund	0	35,000

RAD	0	60
CDBG	3,300	3,770
HOME	1,500	1,950

FY23 Budget Request – USDA Rural Housing Service

The President’s FY23 budget request includes \$28.5 billion for USDA, a \$3.4 billion increase from the FY 2022 enacted level. USDA’s FY23 budget includes a provision in the Budget for Section 515 properties to “decouple” rental assistance from the program, allowing tenants to receive or continue to receive rental assistance after a property has paid off its USDA mortgage. Under current law, rental assistance cannot be used in properties that do not have an active Section 515 or 514 loan.

USDA’s budget summary shows \$1.564 billion for 521 Rental Assistance, \$200 million for Section 515 Rental Housing Direct Loans, \$38 million for Section 542 vouchers, \$75 million for MPR program, and \$400 million for the Section 538 multifamily loan guarantee program, which are substantial increases from FY22 funding level to signal the administration’s commitment to affordable housing in rural communities.

Fiscal Year 2022 President’s Budget Request (USDA-RHS)

USDA Rural Dev. Programs (dollars in millions)	FY22 Enacted	FY23 Request
Section 521 Rental Assistance	1,450	1,564
Section 515 Rental Hsg. Direct Lns.	50	200
Rental Prsrv. Demo. (MPR)	34	75
Section 542 Rural Hsg. Vouchers	45	38
Sectoin 538 Rental Hsg. Guar.	250	400

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 FY23 spending. Given this is an election year, there remains a high possibility that Congress will be unable to meet their Sept. 30 deadline and will need 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.