

ANALYSIS OF PRESIDENT BIDEN'S FY2023 BUDGET REQUEST

MARCH 28, 2022



Overview

President Biden and Housing and Urban Development (HUD) Secretary Marcia L. Fudge released today their full fiscal year (FY) 2023 [budget request](#). The request proposes to fund HUD programs at [\\$71.9 billion](#) in discretionary spending, approximately \$12.3 billion more than the FY21 level, or \$6.2 billion more than the final FY22 level. The proposed budget includes an additional \$50 billion in mandatory and other federal investments for affordable housing. For full details, see NLIHC's updated [budget chart](#).

The budget request proposes to significantly increase access to Housing Choice Vouchers by calling for \$32.1 billion to renew all existing housing vouchers and to expand assistance to an additional 200,000 households. If enacted, it would be the most significant expansion of housing vouchers in the program's history. The president's budget also requests significant investments to address homelessness and to preserve and increase the supply of affordable housing, including a proposed 11% increase for Homeless Assistance Grants, a 10% increase for public housing capital funding, and a 30% increase to the HOME Investment Partnerships Program (HOME).

Beyond appropriated funds, the budget calls for increasing housing supply through a combination of additional Low Income Housing Tax Credits and \$35 billion in mandatory funding, including \$25 billion for affordable housing production grants to state and local housing finance agencies and \$10 billion for grants to help remove barriers to affordable housing development, including funding for housing-related infrastructure and zoning changes.

Several HUD programs would receive level or increased funding. Project-Based Rental Assistance would receive a \$1 billion increase from FY22 levels, which would be sufficient to renew all existing contracts. The president's budget would increase funding for Community Development Block Grants by some \$400 million above FY22 levels (excluding the nearly \$1.5 billion provided in earmarks in last year's final budget). Housing for Persons with AIDS (\$455 million), Housing Counseling (\$65.9 million), and Fair Housing (\$86 million) would receive slight increases. Tribal housing programs would receive level funding (\$1 billion).

Other HUD programs, however, would receive cuts in funding. The Choice Neighborhood program would receive \$250 million, or \$100 million less than FY22. Native Hawaiian housing programs would be cut from \$22 million in FY22 to \$10 million. Section 202 Housing for the Elderly (\$966 million) and Section 811 Housing for Persons with Disabilities (\$288 million) would receive cuts of \$67 million and \$64 million, respectively, compared to FY22. The budget request calls for \$400 million, a decrease of \$15 million below FY22 levels, to reduce lead-based paint and other health hazards.

With the release of the president's budget request, Congress will now begin drafting and voting on its spending bills for FY2023, including a bill to fund Transportation, Housing, and Urban Development (THUD) programs. The House and Senate appropriations committees are expected to begin the process this summer.

The budget request is part of a larger effort by the Biden administration to invest in the country's housing infrastructure. The "Build Back Better Act," passed by the House in November 2021, includes a \$150 billion investment in affordable housing, including significant funding for NLIHC's top priorities: \$25 billion to expand housing vouchers to an additional 300,000 low-income households; \$65 billion to make critically needed repairs to public housing; and \$15 billion for the national Housing Trust Fund to build, preserve, and operate an estimated 150,000 units of affordable, accessible housing. While the Build Back Better Act is stalled in the Senate and unlikely to advance further, congressional leaders and the White House continue to work to find agreement on a budget reconciliation package that can garner the support of all Democratic Senators. It is critical that targeted housing investments remain in any budget reconciliation bill that is enacted.

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Take Action

Advocates should contact their senators and representatives to urge them to support the highest funding possible for affordable housing, homelessness, and community development programs in the FY23 spending bill and any budget reconciliation package.

FY23 Spending Bill:

- Sign your organization on to a letter supporting the highest level of funding possible for affordable housing, homelessness, and community development resources in FY23.
- Contact your senators and representatives and urge them to support NLHC's top priorities in FY23, including 1) an expansion of housing vouchers to an additional 200,000 households, (2) significant funding to preserve and operate public housing, (3) robust resources to address homelessness through Homeless Assistance Grants, (4) \$150 million for the competitive tribal housing program targeted to tribes with the greatest needs, and (5) at least \$100 million for legal assistance to prevent evictions, among other key priorities.

Budget Reconciliation Bill:

- Join over 1,800 organizations around the country in support of historic investments in rental assistance, public housing, and the Housing Trust Fund in any reconciliation bill that moves forward.
- Your members of Congress need to hear from you about why investments in rental assistance, public housing, and the Housing Trust Fund are critical to your community and why they must remain in any budget reconciliation package.

Detailed Analysis

Tenant-Based Rental Assistance

President Biden proposed increasing funding for tenant-based rental assistance to \$32.1 billion for the Housing Choice Voucher Program, which would be sufficient not only to ensure all contracts are fully renewed but to extend the availability of tenant-based rental assistance to 200,000 additional households in need of voucher assistance. The expansion would be the single largest expansion in the program's history. The proposal calls for prioritizing the additional rental assistance for those who are experiencing or at risk of homelessness or survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking.

The proposal also includes funding for a new Mobility Related Social Services program to assist families in finding housing in neighborhoods with access to jobs, services, schools, and other resources. Funding would be provided on a competitive basis, with preference for public housing agencies with a higher concentration of voucher-holding families with children living in high-poverty areas. HUD states that this funding would serve approximately 148,000 families with children.

This funding includes \$50 million for the Rental Assistance Demonstration to support long-term financial stability and promote the energy and water efficiency, climate resilience, and preservation of properties that convert to Project-Based Vouchers.

The bill proposes allocating \$5 million to serve Native American veterans, level funding from the previous year, and it would not provide assistance for the Veteran Affairs Supportive Housing (VASH) program, which would result in a decrease of \$50 million from the previous year.

The bill would provide \$667 million for Section 811 mainstream vouchers – a \$208 million increase from FY22 – and it includes no funding for Family Unification Program vouchers.

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Project-Based Rental Assistance

The budget proposal would provide \$15 billion to renew project-based rental assistance (PBRA) contracts, an increase of just over \$1 billion from FY22 funding levels. This amount would be sufficient to renew all existing PBRA contracts, and it includes \$31 million to cover the costs for service coordinators to help older residents age in place.

The budget calls for \$250 million for a demonstration program to improve the energy and water efficiency and climate resilience of multifamily properties modeled after the Green Retrofit Program for Multifamily Housing program. Project-Based Rental Assistance, Section 202, and Section 811 properties would be eligible for these funds. HUD states that "along with improving utility data collection and systems, this new program would help property owners access grants or direct loan subsidies to make energy- and water-efficient and climate-resilient improvements in the properties. This funding could reach as many as 10,000 units."

Public Housing

The budget request calls for \$3.7 billion for the Public Housing Capital Fund. This amount is \$332 million above the FY22 enacted level and would include a \$300 million set-aside for climate-related improvements to the existing public housing stock. The request also calls for just over \$5 billion for public housing operating costs – a \$4 million decrease over FY22 enacted levels.

Increased funding is required every year to provide housing agencies with additional resources needed to maintain services and make critical repairs that will improve living conditions for tens of thousands of residents. Our country's public housing infrastructure currently has an estimated capital needs backlog of \$70 billion.

As HUD's Congressional Justification states, "reinvigorating public housing is also a critical component of reversing racial inequities because approximately 70 percent of people living in public housing, too much of which is deteriorating, are people of color."

Homelessness

The president's budget requests \$3.58 billion for Homeless Assistance Grants, an increase of \$363 million over the 2022 enacted level. This funding would support more than 25,000 additional households, including survivors of domestic violence and homeless youth. Of this funding, \$82 million would be set aside for additional Youth Homelessness Demonstration Programs (YHDPs).

The bill includes \$4.7 million for the U.S. Interagency Council on Homelessness, which coordinates 19 federal agencies, state and local governments, and the private sector to help end homelessness.

Other Housing Programs

The bill would provide \$966 million to the Section 202 Housing for the Elderly program, a decrease of \$67 million from FY22 enacted levels. It would decrease funding for the Section 811 Housing for People with Disabilities program to \$288 million, which is \$64 million less than was provided in FY22. Because the cost of housing rises every year, it is vital to provide these programs with increased funding from one year to the next to maintain the current level of services and the number of households being served.

The request would provide \$3.77 billion for the Community Development Block Grant (CDBG) program. This would be an increase of about \$400 million from FY22 levels, excluding the \$1.5 billion in earmarked funding included in the final FY22 appropriations package. The proposal calls for \$195 million of CDBG funds to be used for "activities aimed at removing barriers to revitalization in approximately 100 of the most underserved neighborhoods in the United States."

The president's request calls for a \$450 million increase above FY22 levels to the HOME Investment Partnerships Program, which would result in a total of \$1.95 billion. If enacted, this would be the highest funding level for HOME in nearly 15 years.

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The budget proposes no additional funding for an eviction-prevention program funded at \$20 million in the FY22 budget to extend legal services to between 10,000 and 40,000 renters.

The request would help address housing conditions in tribal areas by providing \$922 million to fund tribal housing programs, including \$772 million for formula NAHASDA programs and \$150 million for competitive NAHASDA programs – level funding from FY22 enacted amounts.

Healthy Housing

The request calls for \$400 million – a decrease of \$15 million from FY22 levels – to reduce lead-based paint and other health hazards.

Fair Housing

The budget request would increase funding by \$1 million for HUD's Office of Fair Housing and Equal Opportunity, for a total of \$86 million.

Housing Supply Fund

The budget proposes \$50 billion to increase housing supply through direct spending and additional Low Income Housing Tax Credits. Of this amount, \$35 billion would be for a new Housing Supply Fund, including \$25 billion for affordable housing production grants to state and local housing finance agencies and their partners to provide grants, revolving loan funds, and other streamlined financing tools, and \$10 billion in grants to help remove barriers to affordable housing development, including funding for housing-related infrastructure. The housing production fund would support housing for renters and homebuyers with low to moderate incomes, including families with incomes up to 150% of AMI in high-cost areas as determined by HUD.

Rural Housing

President Biden proposes to expand rural housing grants and direct loan programs at the U.S. Department of Agriculture (USDA). Section 521 Rural Rental Assistance would receive \$1.6 billion, \$151 million higher than FY22 enacted levels. Section 542 vouchers would not receive separate funding; rather, USDA's rental assistance program includes funding for Section 542 vouchers for renters in properties that have paid off or reached maturity of their Section 515 loan.

The budget also proposes \$75 million for the Multifamily Housing Preservation and Revitalization demonstration program, as well as \$30 billion for the Section 502 Direct Homeownership Loans program. The Section 514 Farm Labor Housing Loans program would receive \$50 million, an increase of \$23 million from FY22 enacted levels, and the Section 516 Farm Labor Housing grants program would receive an additional \$8 million, for a total of \$18 million in FY23. The Section 523 Mutual and Self-Help Housing program would receive \$40 million, and the Section 504 Rural Housing Assistance grants and loans program would receive \$45 million, an increase of \$17 million from FY22 enacted levels.

Other Policy Priorities

HUD calls on Congress to permanently authorize the Community Development Block Grant-Disaster Recovery (CDBG-DR) program and outlines key principles for authorization, including advancing equity; prioritizing resilience; improving efficacy, efficiency, and transparency; and building capacity.