SPECIAL REPORT:  
FY 2015 Department of Housing & Urban Development Budget and California Implications  
March 2014

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Overall, HUD's 2015 Budget increases gross Budget Authority by 2.7% over FY2014 levels, and by 9.1% over FY2013 sequestration levels, to $46.66 billion. In FY15, 84% of HUD's budget request will be used to renew existing rental assistance/operating subsidies, fund accrued capital needs of public housing, and renew existing homeless assistance grants.

Community Development Block Grant (CDBG) Program

The Budget funds the CDBG formula grant program at $2.87 billion, a decrease from the FY 2014 funding of $3.1 billion, to assist State and local governments in addressing local priorities and needs. The CDBG program provides over 1,200 flexible annual formula grants to States, local governments, and Insular Areas to benefit mainly low-to moderate-income persons, according to the Administration.

Tenant-based Rental Assistance

The Budget increases Tenant-Based Rental Assistance (a.k.a. the Housing Choice Voucher Program) to above $20 billion to reverse sequestration and help 2.2 million low-income families rent in the neighborhoods of their choice. This is the Federal government's largest and most income-targeted program for assisting very low-income families to rent decent, safe and sanitary housing in the private market. Additionally, the Budget includes $160 million to renew over 14,000 vouchers for persons with disabilities, $600 million for the elderly, and $75 million in new vouchers for homeless veterans through the HUD-Veteran Affairs Supportive Housing (HUD-VASH) program.

Project-Based Rental Assistance (PBRA)

To introduce more stability to the program, the PBRA request of $9.746 billion proposes to change the program funding cycle from fiscal year to calendar year. The PBRA program assists approximately 1.2 million extremely low- to low-income households in obtaining decent, safe, and sanitary housing in private accommodations.

Public Housing Capital Fund (PHCF)

The Budget funds the Public Housing Capital Fund at $1.925 billion, an increase from the FY 2014 enacted amount of $1.875 billion. This amount includes $25 million for the Jobs Plus initiative. The PHCF is a formula program designed to respond to the capital and management improvement requirements of Public Housing properties.
**ADVISORY BOARD SUPPORTERS OF THE CALIFORNIA INSTITUTE**

The California Institute wishes to express its gratitude to the following donors for their generous support, without which our work would not be possible.

**BENEFACTORS**
- AT&T
- AT&T Center for California Studies, CSUS
- PG&E Corporation
- Sempra Energy
- Southern California Edison
- University of California

**SPONSORS**
- Assn of California Water Agencies
- Bay Area Economic Forum
- California Association of Realtors
- CA Council Science & Technology
- California Farm Bureau Federation
- California Federation of Teachers
- California Institute of Technology
- California School Boards Association
- CA State Association of Counties
- Chevron
- Diesel Technology Forum
- Metropolitan Water District of So. Calif.
- San Bernardino Valley MWD
- Santa Ana Sucker Task Force
- The Energy Foundation
- University of Southern California

California Institute for Federal Policy Research
1608 Rhode Island Ave, NW, Suite 213
Washington, DC 20036  www.calinst.org

---

**The Choice Neighborhoods Initiative (CNI)**

While the base budget request is $120 million, the President's Initiative provides an additional $280 million for the program, to fund comprehensive neighborhood revitalization strategies in 7-10 additional high-poverty neighborhoods. CNI's goal is to transform neighborhoods of poverty into sustainable, mixed-income neighborhoods with well-functioning services, schools, public assets, transportation, and access to jobs through the coordination of neighborhood investments from multiple sources.

**HOME Investment Partnership**

The Budget funds HOME at $950 million, with up to $10 million set aside for the Self-help Homeownership Opportunity Program (SHOP). HOME provides flexible annual formula grant assistance to States and units of local government to increase the supply of affordable housing and expand homeownership for low- to very-low income persons. Sixty percent of the formula grant funds is awarded to participating local governments and 40 percent is awarded to states. Projects funded by HOME often leverage private dollars and are used in conjunction with the Low-Income Housing Tax Credit (LIHTC), Community Development Block Grant, and local funds. Over time, HOME funding is estimated to result in the production of almost 36,000 units of affordable housing, according to Budget documents.

**Homeless Assistance Grants**

The Budget funds Homeless Assistance Grants at $301 million above FY2014 levels, to get back on track with Opening Doors: Federal Strategic Plan to Prevent and End Homelessness, according to Budget documents. The Homeless Assistance Grants account provides funds for the Emergency Solutions Grant (ESG) and Continuum of Care (CoC) programs. These programs, which award funds through formula and competitive processes, enable localities to shape and implement comprehensive, flexible, coordinated approaches to address the multiple issues of homelessness. HUD estimates it will use $2.184 billion for competitive renewals in the CoC program and $215 million for the Emergency Solutions Grant Program. The Budget also includes $7 million for the Homeless Data Analysis Project.

**Housing Opportunities for Persons with AIDS (HOPWA)**

The Budget funds HOPWA at $332 million, a $2 million increase from the FY 2014 enacted amount. HOPWA provides States and localities with resources and incentives to devise long-term comprehensive strategies for planning and providing housing and supportive services to meet the complex, multiple needs of persons living with HIV and AIDS and their families. Ninety percent of HOPWA funds are distributed to States and eligible metropolitan areas according to a formula, which is based on cumulative AIDS cases. The remaining ten percent are awarded competitively to States, local governments, and private nonprofit entities. To modernize the program, the Administration is proposing an updated formula based on living cases of HIV and adjusted for an area's fair market rent and poverty rates, focusing HOPWA funds on areas that have the most need. The proposal also includes several
changes that will allow better targeting of HOPWA resources and more flexibility for grantees to provide the most cost-effective, timely interventions.

**Housing for the Elderly and Housing for People with Disabilities**

The Budget funds Housing for the Elderly at $600 million, an increase from the FY 2014 enacted amount of $384 million. Specifically, the Budget provides $350 million to renew and amend operating subsidy contracts for existing Section 202 housing, $70 million to support service coordinators who work on-site to help residents obtain critical services, such as benefit counseling, and $20 million for new supportive housing units. The Budget funds Housing for People with Disabilities at $160 million, an increase from the FY 2014 amount of $126 million. Specifically, the Budget provides $135 million to renew and amend operating subsidy contracts for existing Section 811 housing, and $25 million for new Project Rental Assistance (PRA) awards.