



HAC News

**BUDGET WOULD DRAMATICALLY CHANGE RURAL HOUSING.** The Administration's budget for fiscal year 2008, released on February 5, proposes no funding for the Section 502 direct loan program. Budget documents say the Administration will prepare legislation to create a new subsidized guarantee program for low- and very low-income homebuyers. Section 523 self-help funds would be cut to \$9.5 million, and Section 514/516 farm labor housing would be significantly reduced. Like past Bush budgets, this one suggests increases in the 502 and 538 guarantee programs and no funding for Section 515 or RCDI.

<b>USDA Rural Development Program (dollars in millions)</b>	<b>FY 2005 Appropriation</b>	<b>FY 2006 Appropriation</b>	<b>FY 2007 Appropriation (H.J. Res. 20)</b>	<b>FY 2008 Budget</b>
<b>Loans</b>				
502 Single-Family Direct	\$1,100	\$1,141	\$1,141	\$0
502 Single-Family Guaranteed	2,725	3,681	3,681	4,848
504 Very Low-Income Repair	35	35	35	22.9
514 Farm Labor Housing	42	38	38	14
515 Rental Housing Direct	100	100	100	0
538 Rental Housing Guaranteed	100	100	100	200
<b>Grants &amp; Payments</b>				
504 Very Low-Income Repair	31	30	30	30
516 Farm Labor Housing Grants	16	14	14	4
523 Self-Help TA	34	34	34	9.5
533 Housing Preservation Grants	9	10	10	9
521 Rental Assistance	592 <sup>a</sup>	653 <sup>a</sup>	616 <sup>a</sup>	567 <sup>a</sup>
542 Rural Housing Voucher Prog.	0	16	16	27.8
Rental Preserv. Revolving Loans	3	3	3	0
Rental Preservation Demonstration	0	9	9	0
Rural Community Dev't Initiative (RCDI)	6	6	6	0

a. Rental Assistance contracts were for four years in FY 2005 and FY 2006. H.J. Res. 20 provides two-year contracts. The FY 2008 budget proposes shortening them to one year.

The budget proposal for HUD includes eliminations, cuts, and increases. It would substantially reduce CDBG, public housing capital, Section 202 housing for the elderly, Section 811 housing for the disabled, and lead hazard control. Increases are proposed for Section 8, HOME, public housing operating funds, homeless assistance, housing counseling, and the Self-Help Homeownership Opportunity Program (SHOP). The budget again proposes to eliminate the small Rural Housing and Economic Development Program and HOPE VI.

<b>HUD Program (in millions of dollars)</b>	<b>FY 2005 Appropriation</b>	<b>FY 2006 Appropriation<sup>a</sup></b>	<b>FY 2007 Appropriation (H.J. Res. 20)</b>	<b>FY 2008 Proposed Budget</b>
Community Develop. Block Grants	\$4,671	\$4,220	\$3,771.9	\$3,035.6
HOME	1,900	1,750	1,750	1,967 <sup>b</sup>
Tenant-Based Rental Assistance	14,766	15,574	15,920	16,000
Project-Based Rental Assistance	5,298	5,088	5,976	5,813
Public Housing Capital Fund	2,579.2	2,464	2,464	2,024
Public Housing Operating Fund	2,438.3	3,600	3,864	4,000
Public Housing Revtlzttn. (HOPE VI)	144	99	99	0
Native American Housing Block Grant	622	630	630	627
Homeless Assistance Grants	1,241	1,326.6	1,441.6	1,561
Housing Opps. for Persons with AIDS	281.8	289	289	300
202 Housing for the Elderly	747	734.6	734.6	575
811 Housing for Disabled	238.1	236.6	236.6	125
Fair Housing	46.5	45.5	45.5	45
Rural Housing and Econ. Dev. (RHED)	24	17	17	0
Self-Help Homeownership Opp. (SHOP)	25	20	19.8	39
Lead Hazard Control	166.7	152	152	116
Housing Counseling	42	42	44.5	50 <sup>c</sup>

a. Figures shown for FY 2006 are before 1% across the board cut. b. Includes \$50 million proposed for American Dream Downpayment Act. c. In prior years was part of HOME.

More details on the budget and HAC's press release are at [http://www.ruralhome.org/infoAnnouncements\\_2008proposed.php](http://www.ruralhome.org/infoAnnouncements_2008proposed.php). HAC expects to publish its full analysis soon. Official budget documents are at <http://www.whitehouse.gov/omb/budget/fy2008/>. The next step in the FY 2008 funding process will be Congress's development of spending ceilings for each appropriations subcommittee.

**FUNDING LEVELS SET FOR REST OF FY 2007.** On February 14 the Senate passed H.J. Res. 20, previously adopted by the House (see *HAC News*, 1/31/07), to fund most federal programs for the rest of FY 2007, February 15-September 30. H.J. Res. 20 is at <http://thomas.loc.gov/home/approp/app07.html>.

**USDA FINALIZES HOMEOWNERSHIP EDUCATION RULE.** First time homebuyers using the Section 502 direct program will be required to obtain education. Each RD State Office will assess the availability of homeowner education and compile a resource list. Reasonable fees can be added to the loan amount in excess of the appraised value of the house and area loan limits. See *Federal Register*, 2/5/07, pp. 5153-57 or <http://www.hudclips.org>. Contact Janet Carter, RD, 202-720-1489, [Janet.Carter@wdc.usda.gov](mailto:Janet.Carter@wdc.usda.gov).

**USDA ANNOUNCES PLAN FOR FUNDING SELF-HELP GROUPS.** The FY 2007 Section 523 appropriation cannot fully fund renewals of expiring self-help technical assistance grants (see *HAC News*, 9/20/06 and 12/13/06), so USDA RD will provide 60% for each renewal this year and the rest in 2008 if funds are available. New grantees may apply for up to \$250,000 each. RD's Unnumbered Letter dated January 5 is available at [http://www.ruralhome.org/infoAnnouncements\\_RD523Process2007.php](http://www.ruralhome.org/infoAnnouncements_RD523Process2007.php) or from RD offices.

**HUD ASKS ABOUT INCLUDING REGULATORY BARRIERS IN FUNDING COMPETITIONS.**

Comments are due March 23 on the effectiveness of giving funding competition points for removing regulatory barriers. See *Federal Register*, 2/6/07, pp. 5581-83 or <http://www.regulations.gov>. Contact Camille E. Acevedo, HUD, 202-708-1793.

**GAO RELEASES REVISED GOVERNMENT AUDITING STANDARDS.** The January 2007 "Yellow Book" is at <http://www.gao.gov/govaud/ybk01.htm>. Print copies will be available later this year from 202-512-6000.

**RESEARCH PREDICTS ONE IN FIVE RECENT SUBPRIME LOANS WILL END IN FORECLOSURE.** A Center for Responsible Lending report explains subprime loans are riskier because of features like adjustable rates and balloon payments, even aside from borrowers' weaker credit. It notes African-American and Latino homeowners may be particularly affected because they receive a disproportionate share of subprime loans. The Center proposes solutions to protect buyers. *Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners* is free at <http://www.responsiblelending.org>.

**OUTCOME INDICATORS DEVELOPED FOR NONPROFITS.** The Urban Institute and the Center for What Works have developed common outcomes frameworks to help standardize approaches to nonprofit performance measurement. Housing is one of 14 program areas covered. Details, documents, and resources are online at <http://www.urban.org/center/cnp/projects/outcomeindicators.cfm>.