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Summary of
THE HUD BUDGET
FISCAL YEAR 1977

**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

**OFFICE OF THE SECRETARY
OFFICE OF BUDGET
JANUARY 1976**

Note: The information in this summary may not be revealed in whole or in part until
the President has transmitted the Budget to the Congress on January 21, 1976.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF THE HUD BUDGET
FISCAL YEAR 1977

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF THE HUD BUDGET FOR THE FISCAL YEAR 1977

INTRODUCTION

The "Summary of the HUD Budget" is designed to provide a convenient reference to the programs, activities, and budget requests of the Department of Housing and Urban Development as presented to the Congress.

The Department's 1977 Budget is arranged according to the current organization of the Department and in an order corresponding generally to the presentation of the Department's programs in the 1977 Budget document. For most programs there is provided:

- A highlight table showing activity and workload in connection with the program, cumulative through fiscal year 1974 and for the four fiscal periods covered by the Budget, i.e., Fiscal Years 1975, 1976, the Transition Quarter, and 1977.
- A brief description of the nature of the program, including its statutory authorization.
- An identification of the levels of program and subprogram activity achieved or proposed; the appropriations or other funding authority needed to support these levels; estimated budget outlays; and, where applicable, the authorizing legislation necessary to support the budget program.

TIME FRAME FOR BUDGET

The Congressional Budget and Impoundment Control Act of 1974 established a new time frame for the Federal budget process whereby, starting in 1977, the fiscal year will begin on October 1 and end on the following September 30. This change will result in a transitional period (The Transition Quarter) from July 1, 1976 through September 30, 1976.

In general, estimates for the transition quarter provide for a continuation of the FY 1976 level of activity--where necessary--through the three months involved. Appropriations were provided in the 1976 Appropriation Act where the timing of program approvals or other needs required that additional funds be provided. Moreover, the Supplemental Appropriation Act for 1975 (P.L. 93-554) provided that unused funds which otherwise would expire on June 30, 1976 will remain available during the transition quarter.

REVISED APPROPRIATION STRUCTURE

1. Housing Programs. In the 1976 Appropriation Act, the Congress included the appropriation items for Housing Production and Mortgage Credit-FHA and Housing Management under a single heading: "Housing Programs." This volume, however, for ease of reference, continues to arrange the programs in these areas under their current organizational heading. In this respect, the order of the volume varies from the order of items in the Budget.

2. Administrative Expenses. The 1977 Budget proposes a major change in the structure for funding administrative expenses. Beginning in 1977, all appropriated administrative expenses for the Department will be provided in a consolidated

HUD Budget Summary
Introduction (cont.)

appropriation, "Salaries and expenses, Department of Housing and Urban Development." The use of such an account is consistent with statutory authority permitting the Secretary to consolidate all operating expense accounts into a single account. Transfers into the new account from the Federal Housing Administration Fund and other funds of the Department will be made, within statutory limits, as is presently done under the current structure with the "Administrative Operations Fund."

DEPARTMENTAL TOTALS

The final section of this volume contains summary tables showing for the entire Department the current and proposed program levels, appropriations, budget authorities, budget outlays, housing activity, and year-end employment. Included in all totals are disaster relief funds which are administered by HUD but appropriated to the President rather than to the Department. These funds are proposed at \$100 million in 1977 as compared to \$150 million in 1976 and \$200 million in 1975. Because of the availability of substantial unobligated balances, the appropriation in 1977 would still permit approximately \$200 million in disaster relief if required. As in past years, supplemental appropriations would be sought, if necessary, to cover additional disaster costs.

Excluded from Department totals for 1977, 1976 and 1975 (after August 31, 1974) is activity in the Section 202 Housing for the Elderly or Handicapped program. The Housing and Community Development Act of 1974 amended this program to exempt its receipts and disbursements from the total of the Budget of the United States. Activities after August 31, 1974 are reflected as non-add items.

Summary of Program Levels - EXHIBIT I

In many cases, the traditional measures of the budget are not precise indicators of the actual levels of activity being carried out in the programs of the Department. For this reason, EXHIBIT I (beginning on page ST-1) has been included to summarize the key program levels for the major programs and activities of the Department. It cannot be totaled because program levels are stated in many different ways--dollars, applications, housing units, etc.--as may be appropriate to describe the particular activity involved.

Actual and Proposed Appropriations - EXHIBIT II

The term appropriation normally means an amount of money made available by an appropriation act and which is available for obligation and disbursement. Appropriations may also be provided outside an appropriation act as in the case of legislation which automatically appropriates a certain amount each year--resulting in a "permanent appropriation." Beginning in 1976, the Housing and Community Development Act of 1974 authorized such a permanent appropriation to pay off unfunded contracts under the now terminated Urban Renewal program up to the amount of contracts authorized prior to the "front-dooring" of that program in 1966.

While most appropriations are included within budget authority (see discussion below in connection with EXHIBIT III), appropriations to liquidate contract authorization are not. Thus, HUD's appropriation total includes a \$3.070 billion Housing Payments appropriation not counted as budget authority. Requests for the release of contract authority for assisted housing programs, on the other hand, are not appropriations.

HUD Budget Summary
Introduction (cont.)

The total of appropriations for HUD (including the President's Disaster Relief Appropriation) are as follows:

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u> (Dollars in Millions)	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
Included in Budget.....	\$5,453,579	\$6,055,354	\$1,102,065	\$9,132,290
Change from FY 1975....	...	+601,775	XXX	+3,678,710
Change from FY 1976....	...	...	XXX	+3,076,937

The increase of \$602 million in appropriations from 1975 to 1976 consists of a large number of changes, including an increase of \$420 million for Housing Payments and \$60 million for Payments for Operation of Low Income Housing Projects. The increase also includes a supplemental appropriation of \$142.5 million provided in 1976 for losses in the FHA General Insurance and Special Risk Insurance funds.

Of the \$3.1 billion increase in appropriations for 1977, \$683.2 million is from the appropriation for restoration of FHA Fund losses--from \$142.5 million to \$825.7 million. This assumes the enactment of legislation transferring the Section 221 programs to that fund from the General Insurance Fund. Another major increase in appropriations is \$1.4 billion for Community Development Grants. However, because \$964 million of the 1976 program was funded by transfer from the College Housing Loans Fund, the increase in the program is really \$446 million. Another major increase is \$825 million in the appropriation for "Housing Payments" as more subsidized housing units become eligible for payment. The increase in the permanent appropriation for the Urban Renewal program to liquidate prior contracts is estimated at \$300 million for 1977 over 1976. Other offsetting increases and decreases make up the balance of the change into 1977.

Budget Authority - EXHIBIT III

In general, budget authority means any new or increased authorization to commit the Government to incur obligations and to make budget outlays. Appropriations--other than appropriations to liquidate contract authorizations--are normally included in budget authority. However, there are other types of authorization--such as authorizations to borrow from the Treasury and contract authority enacted in advance of appropriations--which are also included in budget authority.

Beginning in 1976, the Budget reflected a major change in the presentation of budget authority for the assisted housing programs in a manner greatly affecting the totals shown below. In EXHIBIT III, budget authority reflects the long-term liabilities, reflected as estimated obligations incurred, for the assisted housing programs. On that basis, the budget authority in 1975 was computed in terms of the maximum term possible under annual contributions contracts: 40 years. In previous years--prior to the 1976 budget--budget authority for those programs was computed as the annual subsidy payment made pursuant to contractual agreements with eligible recipients and appeared as the appropriation for Housing Payments. Beginning in the 1976 Appropriation Act, budget authority was stated in the Act as the estimated obligations to be incurred from the new contract authority provided, representing thereby more nearly the actual long-term Federal commitment. The effect of these changed assumptions can be seen in EXHIBIT III and in the totals highlighted below.

HUD Budget Summary
Introduction (cont.)

The totals of budget authority for HUD are as follows:

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u> (Dollars in Thousands)	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
Included in Budget.....	\$54,134,446	\$27,824,772	\$468,548	\$21,813,588
Change from FY 1975....	...	-26,309,674	XXX	-32,320,858
Change from FY 1976....	...	...	XXX	-6,011,184

The major item of decrease in 1976 from 1975 is \$26.4 billion in budget authority for annual contributions for assisted housing. This is due mainly to the change in the method of calculation which was instituted in the 1976 Appropriation Act. The budget authority for this item was \$44.4 million in 1975, reflecting--as described above--the full potential commitment based on contracts for forty years. The 1976 amount of \$18.0 billion reflects, essentially, an estimate of the actual contract obligations to be incurred. The net decrease also includes a number of offsetting changes, the most significant of which are an increase of \$800 million representing budget authority for the Rent Supplement program, and a decrease of \$1.2 billion in the budget authority for purchases under the Emergency Mortgage Purchase program.

The major portion of the \$6.0 billion budget authority decrease into 1977 is in the Emergency Mortgage Purchase program where no budget authority is proposed. This results in a decrease of \$4.8 billion. An additional decrease of \$1.5 billion is reflected in the budget authority for annual contributions in 1977 based on current estimates of obligation of the program mix. The budget also reflects a decrease of \$297 million in authority for the FHA Fund. These decreases are offset to some extent by increases in budget authority for Community Development Grants (\$1,410 million including \$964 million which replaces the College Housing Loans Fund transfer in 1976) and Flood Insurance (\$30 million). Other smaller increases and decreases account for the balance of the net decrease.

Budget Outlays - EXHIBIT IV

Outlays are expenditures or loans made in payment of obligations incurred from budget authority. This means gross payments of obligations (cash payments or issuance of checks) less reimbursements, refunds, and loan repayments received and credited in the appropriation or fund accounts. Because of the long lead time involved in many HUD programs, most budget outlays in a given year stem from budget authority provided in prior years.

The outlay totals for HUD (inclusive of outlays from the President's Disaster Relief Appropriation) are as follows:

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u> (Dollars in Thousands)	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
Included in Budget.....	\$7,694,065	\$7,454,071	\$1,981,840	\$7,424,394
Change from FY 1975....	...	-239,994	XXX	-269,671
Change from FY 1976....	...	...	XXX	-29,677

HUD Budget Summary
Introduction (cont.)

A net decrease of \$240 million is estimated from 1975 to 1976. This includes a decrease of \$1,669 million under GNMA Special Assistance Functions and the Emergency Home Mortgage Purchase program. This is the result of purchases of mortgages under the Tandem and emergency purchase programs in 1975 which are not projected to be sold in 1976 and therefore will not provide receipts in 1976. Among the items partially offsetting this decrease, however, are increases of \$712 million for Community Development Grants, \$227 million for Housing Payments, and \$73 million for the FHA Fund.

1977 outlays are expected to be at about the same level as in 1976 with only a very small (\$30 million) reduction in total. The change consists of a number of offsetting increases and decreases. This includes a \$325 million decrease in outlays for GNMA mortgage purchase programs since the significant volume of mortgage purchases under the Tandem and conventional programs will have been accomplished by the end of the Transition Quarter. A reduction of \$331 million is estimated for the FHA Fund, primarily the result of the proposal to use the Section 8 - Lower Income Housing Assistance Program to assist insured projects having financial difficulty. It is estimated that this will reduce substantially the number of units going into default or resulting in mortgage insurance claims payments. These decreases are partially offset by an increase in Community Development Grant outlays of \$850 million as the program enters into its third year. Other increases and decreases in lesser amounts are distributed among the Department's programs.

Budget Authority and Outlays by Function - EXHIBIT V

The Federal Budget includes a classification of budget authority and outlays by function. This classification presents data on the basis of major purpose without regard to which agency is carrying out the activity. While data has been presented on a functional basis in the Budget for many years, this presentation assumed added importance beginning in 1976. The Congressional Budget and Impoundment Control Act of 1974 requires that the Congress will pass resolutions establishing budget targets and ceilings in terms of functional categories. Moreover, the current services budget submitted to the Congress on November 10, 1975 was presented on a functional basis. Since appropriations committees will be expected to act within such functional ceilings, increased attention to the functions and the basis for classification can be anticipated.

The EXHIBIT reflects the functional classification adopted for the 1976 Budget, the first change in the structure in fourteen years. The Department's programs are scattered among a number of functions, the principal ones and the amounts of budget authority being as follows:

FUNCTION	BUDGET AUTHORITY			
	ACTUAL	ESTIMATE	TRANSITION	ESTIMATE
	1975	1976	QUARTER	1977
(Dollars in Millions)				
<u>COMMERCE AND TRANSPORTATION</u>				
Mortgage credit and thrift insurance..	\$7,294	\$6,057	\$239	\$976
Other.....	10	12	3	12
Subtotal.....	7,304	6,069	242	988
<u>COMMUNITY AND REGIONAL DEVELOPMENT</u>				
Community development.....	2,833	2,153	54	3,517
Disaster relief and insurance.....	250	225	56	208
Other.....	-2	-2	-1	-2
Subtotal.....	3,080	2,376	110	3,722

HUD Budget Summary
Introduction (cont.)

<u>FUNCTION (cont.)</u>	<u>BUDGET AUTHORITY</u>			
	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>TRANSITION</u>	<u>ESTIMATE</u>
	<u>1975</u>	<u>1976</u>	<u>QUARTER</u>	<u>1977</u>
	(Dollars in Millions)			
<u>INCOME SECURITY</u>				
Public assistance and other income supplements.....	44,420	19,403	110	17,092
<u>OTHER FUNCTIONS</u>	<u>-670</u>	<u>27</u>	<u>5</u>	<u>11</u>
TOTAL.....	<u>54,134</u>	<u>27,875</u>	<u>467</u>	<u>21,814</u>

The subfunction Mortgage Credit and Thrift Insurance includes the GNMA mortgage purchase and the FHA mortgage insurance programs. The reduction in budget authority in 1977 from 1975 and 1976 reflects the fact that the budget has proposed no additional emergency mortgage purchase activity in 1977, as well as reductions in budget authority for the FHA Fund. Under Community Development, the major item, of course, is the Community Development Grant program. Also included are Comprehensive Planning Grants, Rehabilitation Loans, and Research and Technology. Income Security includes Annual Contributions for Assisted Housing and Payments for Operation of Low Income Housing Projects. OTHER FUNCTIONS includes Law Enforcement and Justice, under which the HUD Fair Housing and Equal Opportunity programs are located, and Education, Manpower and Social Services under which will be found the College Housing Program, reflecting the rescission of budget authority in 1975 for debt service grants.

EXHIBIT V provides more detail on the above functions and also includes estimated outlays by function as reflected in the 1977 budget.

Low and Moderate Income Housing Programs - EXHIBIT VI

EXHIBIT VI presents the status of assisted housing reservations, starts and completions. It reflects the implementation of the Section 8 - Lower Income Housing Assistance Program beginning in FY 1975 as well as the reservation of funds for all bona fide commitments by the end of 1976.

The EXHIBIT shows reservations of 400,000 units under the Section 8 program during 1976 and the Transition Quarter and 400,000 units in 1977. This figure represents an estimate of the number of units expected to be processed for approval in each year and includes 125,000 new or substantially rehabilitated units and 165,000 existing units. Included also is a total of 110,000 units in each year for assisting units which are experiencing severe financial problems, whose mortgages have been assigned or are in imminent danger of assignment to HUD, or to assist developers or public housing authorities to acquire units currently in the HUD inventory. During 1976 some 21,260 units under the conventional public housing program, representing bona fide commitments made prior to January 5, 1973, are expected to be approved. An additional 11,500 units for reservation Indians will be approved during 1976 and the Transition Quarter with an additional 6,000 units in 1977 expected to be approved.

The Section 235 Homeownership Assistance program is being resumed in January 1976 utilizing contract authority obligated by court order in August 1975. The program is being revised so as to provide for an interest subsidy sufficient to reduce the interest paid by the mortgagor to a minimum of 5%. In 1976, 75,000 units are estimated to be committed through the last half of the year and the Transition Quarter and 100,000 units in 1977. Over 75,000 units would reach the commitment stage in 1978.

HUD Budget Summary
Introduction (cont.)

Property Acquisitions and Mortgage Assignments - EXHIBIT VII

This EXHIBIT shows the acquisitions of properties, home and multifamily, as a result of foreclosure actions under the mortgage insurance programs. It shows the volume of acquisitions, sales of properties during the year, and the remaining inventory. The EXHIBIT also shows the volume of mortgage assignments occurring as a result of mortgage insurance claims, the number converted to foreclosures or otherwise liquidated, and the number in the inventory at the end of the year.

The total inventory of properties and assigned mortgages at the end of each year is summarized as follows (all numbers expressed in housing units):

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
Homes.....	78,009	60,109	56,279	38,309
Multifamily.....	<u>194,716</u>	<u>232,473</u>	<u>237,961</u>	<u>241,486</u>
TOTAL.....	272,725	292,582	294,240	279,795

The number of home properties in the inventory is expected to continue to decline from 56,598 units in 1976 to 35,798 units in 1977 as sales continue to exceed the volume of acquisitions. The number of acquired multifamily properties in the inventory is expected to decline from 45,770 units in 1976 to 26,608 units in 1977 as a result of increased sales and the utilization of contract authority for the Section 8 program and conventional public housing to assist property disposition. The use of the contract authority is also expected to reduce the volume of claims on multifamily mortgage insurance in 1977, and to reduce the number of multifamily mortgage assignments from 49,000 units in 1976 to 38,640 units in 1977. Together, all actions are expected to result in the first decline in the total of HUD-owned and assigned properties and mortgages in years.

Permanent Full-Time Personnel - EXHIBIT VIII

HUD employment totals are as follows:

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
June 30 full-time employment in permanent positions.....	15,142	14,960	14,960	15,650
Change from FY 1975.....	...	-182	...	+508
Change from FY 1976.....	...	...	...	+690

The Department's permanent full-time employment for June 30, 1977 is estimated at 15,650, an increase of 690 over June 30, 1976 and the Transition Quarter.

The estimate reflects major increases in staffing requirements for Housing Production and Mortgage Credit, Flood Insurance, Equal Opportunity, and Housing Management, offset by some decreases in other elements of the Department.

HUD Budget Summary
Introduction (cont.)

The distribution of staff by major function between Washington and the field offices is reflected in EXHIBIT VIII also.

CURRENT SERVICES ESTIMATES

On November 10, 1975, as required by the Congressional Budget and Impoundment Control Act of 1974, the Office of Management and Budget furnished current services estimates for fiscal year 1977 to the Congress. These reflected estimated outlays and proposed budget authority for 1977 if all programs and activities were carried out during the year at the same level as 1976 and without policy changes in the programs and activities concerned.

These estimates did not represent recommended amounts nor estimates as to what the figures for 1977 would actually turn out to be. They were provided to furnish a neutral base from which various alternatives might be judged. The estimates were prepared on the basis of assumptions existing prior to the completion of congressional actions on 1976 appropriations, so that they did not reflect the resolution of all substantial matters still before the Congress. For this reason, and because the current services estimates do not reflect policy changes--Presidential or congressional--they vary significantly from the 1977 budget request, submitted to the Congress in January, 1976, and discussed in this volume.

The Department's 1977 budget estimates are compared with the current services estimates in the following tabulation:

	<u>CURRENT SERVICES</u>		<u>1977 BUDGET</u>	
	<u>1976</u> <u>Base</u>	<u>Estimate</u> <u>1977</u>	<u>Estimate</u> <u>1976</u>	<u>Estimate</u> <u>1977</u>
	(Dollars in Millions)			
<u>Budget Authority</u>	\$23,875	\$35,559	\$27,824	\$21,814
Differences from current services estimate.....	<u>...</u>	<u>...</u>	<u>+3,949</u>	<u>-13,745</u>
<u>Outlays</u>	\$7,865	\$8,435	\$7,454	\$7,424
Differences from current services estimate.....	<u>...</u>	<u>...</u>	<u>-411</u>	<u>-1,011</u>

As indicated above, the current services estimates differ from the estimates in the 1977 budget in a number of significant respects.

For 1976, the revised estimates of budget authority include \$3 billion for recently released emergency mortgage purchase assistance which was not assumed in the current services estimates. The current services also did not reflect the technical calculation of an additional \$1,034 million in budget authority representing the recapture of authority previously used for operating subsidies. A number of other partially offsetting increases and decreases results in a net increase from the 1976 current services base of \$3.9 billion.

For fiscal year 1977, the decrease results primarily from updated assumptions on carryover balances and obligation levels in the Section 8 program. Although both the current services estimate and the budget for 1977 assumed a 400,000 unit level, the composition of those units decreased the budget authority involved by \$14 billion. Other partially offsetting changes result in a total net change of \$13.7 billion.

HUD Budget Summary
Introduction (cont.)

Outlay estimates do not differ greatly in 1976, the main items being re-estimates of Community Development Grant outlays (-\$150 million), a decrease in the GNMA mortgage purchase outlays (-\$55 million) and a range of offsetting increases among other Department programs. For 1977, the main differences in the outlay estimates are in the FHA Fund (-\$483 million), where estimates were reduced as a result of the availability of Section 8 assistance, and an updated estimate of outlays under the Community Development Grant program (-\$500 million).

GENERAL NOTES APPLICABLE TO THE ENTIRE VOLUME

1. All years referred to in this Summary are fiscal years. For 1975 and 1976 this represents periods beginning July 1 and ending on the following June 30. Beginning in 1977, the fiscal year will commence on October 1 and end on the following September 30. There are also columns and narrative covering the period July 1, 1976 to September 30, 1976, which is referred to as the "Transition Quarter" between the current fiscal year cycle and the new one to begin for 1977.

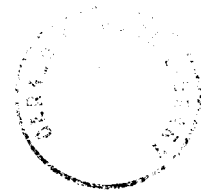
2. Totals may not add due to rounding.

3. The page number which appears in parenthesis on the upper right-hand corner of each program description refers to a page dealing with the program in the Budget Appendix. The Budget Appendix contains the text of the appropriation language, schedules and narrative statements on program performance for the individual appropriations and funds.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars	in Thousands)	
<u>Annual contributions contracts</u>				
<u>approved (units):</u>				
Lower-Income Housing Assist-				
ance Program (Section 8) ..	92,120	320,000	80,000	400,000
Section 23	26,387	...	...	...
Public Housing Program.....	10,092	21,260	...	...
Property Disposition .....	...	17,000	...	...
Loan Management .....	...	13,000	...	...
Indian Housing.....	2,845	10,000	1,500	6,000
Total.....	131,444	381,260	81,500	406,000
<u>Construction or rehabilitation</u>				
<u>starts:</u>				
Lower-Income Housing Assist-				
ance Program (Section 8) ..	...	44,000	25,000	123,000
Section 23	2,498	5,000	2,000	4,000
Public Housing Program.....	22,084	30,000	8,000	15,000
Total	24,532	79,000	35,000	142,000
<u>Construction completions:</u>				
Lower-Income Housing Assist-				
ance Program (Section 8) ..	...	47,000	40,000	212,000
Section 23	13,273	34,000	4,000	13,000
Public Housing Program.....	34,401	26,000	6,000	35,000
Total	47,674	107,000	50,000	260,000
<u>Use of contract authority:</u>				
Production	\$362,155	\$963,833	\$212,200	\$1,172,600
Adjustments to leasing				
contracts	18,711	21,900	5,500	22,300
Modernization (in Housing				
Management)	39,426	20,093	...	20,000
Total	420,292	1,005,826	217,700	1,214,900
<u>Contract authority released</u>				
<u>or requested</u>	1,225,000	662,300	...	850,000
<u>Budget authority:</u>				
Current Authority	44,046,961	17,000,000	...	16,572,900
Permanent Authority	338,944	1,033,511	21,900	5,500
Total, Budget Authority ..	44,385,905	18,033,511	21,900	16,578,400
<u>Obligations</u>	13,228,538	21,625,168	4,150,500	23,053,300

NOTE: The above amounts exclude contract authority available for operating subsidies for LHA-owned projects discussed under "Payments for operation of low-income housing projects" in the Housing Management section of this volume.



HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

The budget for 1977 proposes:

1. A level of activity of 400,000 units for the Section 8 Lower-Income Housing Assistance Program plus 6,000 units of conventional public housing for Indian Housing.

2. The release in the appropriation act of additional contract authority is required for this program. \$850 million is included in the budget as additional contract authority requested to finance the production and modernization programs. Based on the program proposed, the Budget Authority required is computed to be \$16,570,900.

The request included for "Annual Contributions" covers three program areas, as follows:

-- Production Program--the largest component of the request, which is discussed below.

-- Modernization Program--\$20 million of the request is for the modernization program administered by Housing Management. This program is discussed in the Housing Management section of this book on page HM- .

-- Adjustments to Leased Housing Contracts--a small amount of the total available is for amendments to outstanding contracts under the old Section 23 leasing program also discussed below.

1. Production Program.

a. Section 8. The United States Housing Act of 1937, as amended by the Housing and Community Development Act of 1974, substantially revised the Low Rent Public Housing Program. In addition to continuing the authority to make annual contributions to public housing agencies to cover debt service on bond notes, Section 8 of the Act authorized a new Lower-Income Housing Assistance program. Under this new program, assistance may be provided for new or substantially rehabilitated units or for existing housing.

This new program provides a more flexible approach to meeting the housing needs of lower-income families than was possible before. Section 8 provides assistance to lower-income families to enable them to lease decent, safe and sanitary housing units. Under the Section 8 program, HUD may make payments pursuant to annual contributions contracts to public housing agencies (PHAs) authorized to engage in or assist in the development or operation of housing for lower-income families; or HUD may enter into contracts directly with owners of housing units who agree to lease to eligible families.

Families whose incomes do not exceed 80% of the median income of the area in which they live--or a greater or lesser amount established by the Department in special cases--are eligible to participate in the Housing Assistance Payments program. At least 30% of the units assisted are to be occupied by very low-income families whose incomes do not exceed 50% of the median income of the area.

HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

Federal subsidies are paid equal to the difference between the contract rent--based on the fair market rents of comparable standard units of modest nature--and the amount of rent paid by eligible families. Families participating in the program pay rents equal to between 15% and 25% of gross income. Tenants make rental payments directly to private landlords who are responsible for the operation and maintenance of the units.

(1) New or substantially rehabilitated units and existing units.

The budget program provides for approval of contracts for 125,000 new or substantially rehabilitated units in 1976 (including the Transition Quarter) and 125,000 units for 1977. Existing units are estimated at 165,000 for each year -- 1976 (including the Transition Quarter) and 1977.

(2) Property disposition and loan management. It is anticipated that the Department will provide assistance to 110,000 units in each year -- 1976 (including the Transition Quarter) and 1977 -- for properties currently in the HUD-held inventory or properties on which the Secretary currently holds the mortgage. Also included will be properties which are not HUD-held and have had their mortgages assigned to the Secretary but which are in financial difficulty and on which mortgage assignment to the Secretary would otherwise be likely.

-- Property disposition. It is anticipated that 10,000 properties currently in the HUD-held inventory can be placed under contract reservation in 1976 and the Transition Quarter with Section 8 assistance. This will result in a receipt to the FHA insurance funds through 1978 of some \$75.1 million. An additional 20,000 units are expected to be placed under contract reservation in 1977 resulting in total additional receipts through 1978 of \$168.9 million to the insurance funds.

-- Loan management. Approximately 25,000 units of multifamily housing on which the Secretary currently holds the mortgage will be provided Section 8 assistance in 1976 and the Transition Quarter. In 1977 it is estimated that 22,500 such units will be assisted. This assistance will upgrade the financial position of the projects, which will make them financially viable and thereby prevent their foreclosure.

In addition to these units the Department plans to assist, through Section 8, units in projects which are in default but have not had the mortgage assigned to the Secretary. In 1976 and the Transition Quarter, it is estimated that 75,000 such units will be assisted which will result in an avoidance of claims payments and interest costs to the FHA insurance funds of \$719.7 million in 1976, \$103.2 million in the Transition Quarter and \$266.2 million in 1977. An additional 67,500 units will receive similar assistance in 1977 with a claims and interest avoidance savings of \$914.2 million in 1977.

b. Conventional Programs. The Department will continue to honor bona fide commitments made prior to January 5, 1973 for conventional public housing with the expectation that all such commitments will reach contract approval in 1976. Contract approvals for 21,260 of these units are expected.

HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

In the 1976 appropriations act, the Congress enacted a set-aside of \$50 million in contract authority for the development or acquisition of conventional public housing. The Department proposes to use this authority for property disposition and loan management purposes in 1976. Approximately 30,000 units will be assisted under this program, of which almost 17,000 will be units in projects currently held in the Secretary's inventory. The remaining units will be for those units in projects with mortgages not currently assigned but in danger of imminent assignment.

The budget plan also calls for continuing to make amendments to contracts that have reached list approval but have not been finally executed. These amendments are for interest rate increases and are estimated to be \$15 million in 1977.

c. Housing for reservation Indians. In addition to the units to be made available under the Section 8 leasing program, an estimated 10,000 additional housing units for Indians will be placed under contract reservation during FY 1976 using the conventional low rent public housing program. An additional 1,500 units are anticipated to be placed under reservation in the Transition Quarter and 6,000 units are anticipated to be placed under contract reservation in 1977.

The following table shows the breakdown of units by the fiscal period and the type of units:

	ESTIMATE 1975	ESTIMATE 1976	TRANSITION QUARTER	TOTAL 1976 AND TRANS. QTR.	ESTIMATE 1977
Section 8:					
New & rehab ...	36,798	100,000	25,000	(125,000)	125,000
Existing	55,322	132,000	33,000	(165,000)	165,000
Property disposition .	...	8,000	2,000	(10,000)	20,000
Loan Management	...	80,000	20,000	(100,000)	90,000
Total, Section 8 .	92,120	320,000	80,000	(400,000)	400,000
Conventional Programs:					
Bona fide commitments a/	36,479	21,260	...	(21,260)	...
Indians	2,845	10,000	1,500	(11,500)	6,000
Property disposition	...	17,000	...	(17,000)	...
Loan Management	...	13,000	...	(13,000)	...
Total, Conventional program ..	39,324	61,260	1,500	(62,760)	6,000
GRAND TOTAL	131,444	381,260	81,500	472,760	406,000

a/ Commitments made prior to January 5, 1973 which had not actually reached the stage of list approval.

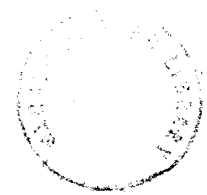
HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

2. Adjustments to Leasing Contracts.

The budget includes the use of contract authority for adjustments to existing lease contracts entered into under the old Section 23 leasing program. Lease agreements in this program were for a period of five to ten years with options to renew of up to twenty years. During this period, annual adjustments may be made to cover unavoidable increases in operating and maintenance costs of leased units. In 1976 the budget includes \$21.9 million for this purpose. For 1977, \$22.3 million is provided while the Transition Quarter is estimated at \$5.5 million.

3. Contract Authority Requirements.

The table on the following page presents the full contract authority availability, use, and balances.



HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

	ACTUAL 1975	ESTIMATE 1976 (Dollars	TRANSITION QUARTER in Thousands)	ESTIMATE 1977
Balance, start of period	\$186,363	\$854,645	\$555,200	\$359,400
New authority released or proposed	1,225,000	662,300	...	850,000
Recapture of prior year authority from:				
Operating subsidy for LHA owned units	319,995	25,370	...	...
Adjustments to leasing contracts	18,949	18,711	21,900	5,500
Total, available....	<u>1,750,307</u>	<u>1,561,026</u>	<u>577,100</u>	<u>1,214,900</u>
Use of authority:				
Production:				
Section 8:				
New and substantial rehabilitation	155,320	390,000	97,500	536,200
Existing	115,579	332,600	83,200	457,000
Property disposition ..	...	20,200	5,000	55,400
Loan management .....	...	80,000	20,000	99,000
Subtotal, Section 8 .	<u>270,899</u>	<u>822,800</u>	<u>205,700</u>	<u>1,147,600</u>
Public Housing:				
Bona fide commitments .	14,467	51,033	...	...
Indians	8,650	25,000	3,800	17,000
Section 23	62,446	...	...	...
Amendments	5,694	15,000	2,700	8,000
Property disposition ..	...	30,000	...	...
Loan management .....	...	20,000	...	...
Subtotal, Public Housing	<u>91,256</u>	<u>141,033</u>	<u>6,500</u>	<u>25,000</u>
Total, production	<u>362,155</u>	<u>963,833</u>	<u>212,200</u>	<u>1,172,600</u>
Modernization	39,426	20,093	...	20,000
Adjustments to leasing contracts	18,711	21,900	5,500	22,300
Operating subsidy a/	475,370	...	...	...
Total, used	<u>895,662</u>	<u>1,005,826</u>	<u>217,700</u>	<u>1,214,900</u>
Unutilized balance, end of period	854,645	555,200	359,400	...

a/ Beginning in 1976, operating subsidy requirements are provided for in the separate account, "Payment for Operation of Low Income Housing Projects".

HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

4. Budget Authority and Obligations for Assisted Housing.

The budget authority and obligation amounts shown in this section incorporate changes made in the method for computing budget authority in the assisted housing program inaugurated in 1976. In prior years, a commitment to enter into a housing subsidy contract was not counted as budget authority. Rather, the amount of the annual payment was counted. Thus, in the past, budget authority was reflected under the appropriation for "Housing Payments" and represented the annual payments for previous contract commitments.

The 1976 budget presented budget authority as the maximum long term commitment that could be entered into with new contract authority released. New contract authority proposed for release in 1976 was \$662.3 million which, on the basis of the maximum commitment (40 years), was shown in the 1976 budget as slightly over \$26 billion. Based upon this principle, and the fact that not all contracts would be written for the maximum term, the Congress placed a budget authority limitation of \$17 billion on the release of the \$662.3 million of contract authority. This limitation was based on the assumption that there would be a mix of new, existing and substantially rehabilitated units assisted with the authority, some of which have contract terms limited to 15 or 20 years instead of the full 40 years. Based upon this concept budget authority for 1977 is estimated at slightly over \$16.5 billion.

In addition to the above budget authority which is current budget authority because it is based upon contract authority released in the current year, the budget also reflects permanent budget authority. Permanent budget authority is authority which is used for only one year at a time and therefore, is recaptured and becomes available at the beginning of the next fiscal year without further Congressional action. An example of this is the authority used for adjustments to leasing contracts. The permanent authority reflected in the Transition Quarter and 1977 is the authority used in the prior fiscal period, i.e., 1976 use was \$21,900 thousand while the Transition Quarter use is estimated at \$5,500 thousand.

A table on the following page gives the breakdown of current and permanent budget authority.

HUD Budget Summary
Annual Contributions for Assisted Housing (cont.)

	ACTUAL 1974	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
	(Dollars in Thousands)				
Budget Authority:					
Current:					
Released in HCD Act of 1974	\$5,600,000	\$44,046,961	...	...	...
Released in 1976 Appropriation Act.	...	...	\$17,000,000	...	...
Proposed for release	...	...	...	...	\$16,572,900
Total, current ...	5,600,000	44,046,961	17,000,000	...	16,572,900
Permanent:					
Recaptured from amounts paid LHA owned units	348,369	319,995	1,014,800	...	...
Recaptured from adjust- ment to leasing contracts	20,761	18,949	18,711	\$21,900	5,500
Total, permanent..	369,130	338,944	1,033,511	21,900	5,500

The following table shows the use of the \$850 million in new contract authority in 1977 and the budget authority resulting from its use.

	CONTRACT AUTHORITY	BUDGET AUTHORITY
	(Dollars in Thousands)	
Section 8:		
New or substantial rehabilitation	\$375,900	\$8,722,000
Existing	274,300	4,114,500
Property Disposition	55,400	831,000
Loan Management	99,000	1,485,000
Indian Housing.....	17,000	680,000
Amendments.....	8,000	320,000
Modernization.....	20,000	420,000
Adjustments to leasing contracts.....	400	400
Total.....	850,000	16,572,900

MOBILE HOME STANDARDS PROGRAM
(Title VI)

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
<u>Enforcement Contracts</u>	\$800	\$200	\$1,000
<u>Workload Factors:</u>				
State plans submitted	40	10	50
Inspections performed	1,000	200	1,200
<u>Appropriations Requested:</u>				
Enforcement Program	\$1,000 <u>a/</u>	...	\$1,000
<u>Budget Outlays</u>	800	\$200	800

a/ Proposed FY 1976 supplemental appropriation request.

Budget Program. An appropriation of \$1.0 million is requested in fiscal year 1977 for enforcement and inspection activities as authorized by the Mobile Home Construction and Safety Standards Act 1974. A supplemental appropriation of \$1.0 million is also requested for fiscal year 1976 and the transition quarter for the initial funding of contracts with independent private firms to monitor third party inspection agencies in those cases where states are unwilling or currently unable to provide for the enforcement of Federal Standards.

The Assistant Secretary for Policy Development and Research is responsible for the research, testing and development of standards which are required by the Act. Funds for this purpose are included in the "Research and technology" appropriation.

Program Description. The Mobile Home Construction and Safety Standards Program was authorized by Title VI of the Housing and Community Development Act of 1974. Under the Act, the Secretary is directed to establish appropriate Federal mobile home construction standards for the construction, design, and performance of a mobile home which meets the needs of the public including the need for quality, durability, and safety.

The initial construction and safety standards were published in the Federal Register for comments on June 25, 1975. Final standards were published on September 2, 1975, with certain technical amendments on December 18, 1975, for effect on June 15, 1976. The research, testing, and development of standards is funded in the appropriation for "Research and technology".

Title VI requires that every manufacturer of mobile homes provide HUD with the building plans for each model produced, and a certification that every unit built meets the Federal standard in effect at the time of production. If the Department determines that any mobile home does not comply with the standards established pursuant to the Act, or contains a defect constituting an imminent

HUD Budget Summary
Mobile Home Standards Program (cont.)

safety hazard, it is authorized to require the manufacturer to notify the purchasers of such mobile homes of the defect, and in certain cases, may require repair, replacement, or refund of the price of the defective units.

The Act provides the Secretary with broad enforcement powers to assure compliance with the Federal standards, including the right to subpoena witnesses, and to carry out on-site inspections of mobile home production facilities. Criminal and civil penalties are provided for violation of mandatory certification and defect notification procedures.

Under the provisions of Title VI, State agencies are authorized to carry out the enforcement responsibilities of the Act, on condition that they submit to HUD a plan of enforcement which demonstrates the willingness and capacity of the agency to assure effective compliance within their jurisdiction. These State plans must be reviewed by the Department at least annually, and the Secretary is required to report to the Congress on the effectiveness of State enforcement programs. The Department intends to encourage the active participation of State agencies in the enforcement program to the maximum extent possible under the law.

STATE HOUSING FINANCE AND DEVELOPMENT AGENCIES
(Section 802)

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
<u>Interest Reduction Grants:</u>				
<u>Contract Authority:</u>				
Enacted.....	...	\$15,000	...	...
Proposed for Rescission a/..	...	-15,000	...	...
<u>Budget Authority:</u>				
Enacted.....	...	\$600,000	...	...
Proposed for Rescission a/..	...	-600,000	...	...

Under Section 802 of the Housing and Community Development Act of 1974, the Department is authorized to make interest reduction grants to States not to exceed 33-1/3 percent of the interest payable on the obligations issued by eligible State agencies. The interest payable on the obligations must be taxable in order for the State Agency to be eligible for the subsidy. State agencies would use funds guaranteed from the sale of these obligations to provide housing and related facilities for families of low or moderate income. In addition, Section 802 authorized a Federal guarantee of such obligations but only for those obligations issued to revitalize slum or blighted areas.

The Department does not plan to implement the guarantee provisions, and rescission of the interest reduction grant contract authority and appropriation provided has been proposed. The benefits potentially available to State agencies under this program are limited and uncertain. Assistance can be provided on a more efficient and less costly basis through other alternative forms of assistance, e.g., State guarantee programs or Federal co-insurance.

The Department is supporting legislative proposals clarifying the applicability of co-insurance to State agencies under Section 244 of the National Housing Act, as amended. Co-insurance would increase the marketability of State agency debt, without the restrictions and limitations imposed by the Section 802 program.

a/ H. Doc. No. 94-311, dated December 1, 1975.

HOMEOWNERSHIP ASSISTANCE PROGRAM
(Section 235)

	CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
		(Dollars in Thousands)			
<u>Contract Authority:</u>					
Released in appropriation					
acts	\$665,000	...	...	...	...
Used (net)	400,883	-\$26,171	\$264,034	...	...
Lapsed.....	...	...	26,254 <u>a/</u>	...	...
Unused balance	264,117	290,289	...	...	...
<u>Budget Authority:</u>					
Released in appropriation					
acts	19,950,000	...	...	...	...
Obligated (net)	12,026,478	-785,138	7,921,032	...	...
Lapsed .....	...	...	787,628 <u>a/</u>	...	...
Unobligated balance	7,923,522	8,708,670	...	...	...
<u>Number of Units Reserved:</u>					
Old program	483,265	1,138	...	...	...
New program .....	...	...	50,000	25,000	100,000
<u>Units Started:</u>					
Old program	395,058	1,801	...	...	...
New program .....	...	...	10,000	23,000	100,000
<u>Unit Occupancy (End of period):</u>					
Old program	418,905	408,915	406,000	402,000	385,000
New program .....	...	...	...	...	59,000

a/ The amount of unused contract authority and budget authority previously approved in appropriation acts lapsed on August 22, 1975, pursuant to Section 211(a)(2) of the Housing and Community Development Act of 1974.

Budget Program. The Budget proposes use of all available Section 235 authority to approve over 250,000 new or substantially rehabilitated homes for low - and moderate-income families over the next three years. As discussed below, the Homeownership Assistance program has been substantially revised to eliminate the abuses that had occurred under the original program. During 1976, an estimated 50,000 units are expected to be reserved under the new program, which became operational on January 5, 1976. Activity will continue at an estimated 25,000 units during the Transition Quarter and 100,000 units during 1977.

Pursuant to a court order of August 20, 1975, \$264.0 million of unreserved contract authority was obligated. In addition to this amount \$26 million remained unobligated and, pursuant to Section 221(a)(2) of the Housing and Community Development Act of 1974, lapsed on August 22, 1975. The new activity will be financed from the \$264.0 million court ordered obligation.

HUD Budget Summary
Homeownership Assistance Program (cont.)

Program Description. The original Section 235 program, authorized by the Housing and Urban Development Act of 1968, as amended, provided for a homeownership subsidy for lower-income families. Eligible families paid 20 percent of their adjusted monthly income toward the monthly mortgage payment. The balance was made up by Federal assistance payments, which could not exceed the difference between the required mortgage payment and the amount that would be required on a mortgage bearing an interest rate of one percent. This program was discontinued on January 5, 1973, to allow a major reevaluation of the subsidized housing programs. However, bona fide commitments outstanding on that date continued to be funded.

As a result of litigation regarding the suspension, the Department obligated, pursuant to a court order of August 20, 1975, \$264.0 million in order to avoid a statutory lapse of this amount on August 22, 1975. On October 17, 1975, the Secretary announced the reactivation of a revised Section 235 Homeownership subsidy program. The major features of the revised program are summarized below:

-- Any family with an adjusted gross income of up to 80 percent of the area median income (higher in certain circumstances) is eligible for participation.

-- The subsidy is available to the purchaser of a newly constructed or substantially rehabilitated home with a mortgage amount not exceeding \$21,600 (\$25,200 for a family of 5 or more or in designed high-cost areas) or \$28,800 in certain high-cost areas for a family of 5 or more. The house can be a single family detached, townhouse, condominium, or cooperative unit.

-- The homeowner must provide a downpayment that is the greater of the amount which would be required in the basic Section 203 unsubsidized program or six percent of the total acquisition cost. However, the downpayment may include prepaid expenses. The new program's downpayment requirements should insure that the participants have a significant cash investment in their homes, and therefore, a greater commitment to the property.

-- Not more than 40 percent of the homes in any subdivision will be eligible for subsidy payments.

-- Direct cash subsidy payments will be made by HUD to a mortgagee on behalf of a participating family to reduce mortgage interest costs to as low as 5 percent. The homeowner must, however, contribute at least 20% of adjusted gross income towards monthly mortgage, insurance, and tax payments on the house.

-- Subsidy payments can continue throughout the term of the mortgage, until the property is sold, or until the homeowner, with 20 percent of adjusted gross income, can pay monthly mortgage payment, including interest, insurance, and taxes.

FEDERAL HOUSING ADMINISTRATION FUND
MORTGAGE INSURANCE PROGRAMS

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
<u>Budget Authority:</u>				
Net borrowing	\$1,294,150	\$1,129,408	\$239,073	\$149,761
Appropriation for restoration of losses .....	...	142,500	...	825,698
Urban Homesteading reimbursement (proposed supplemental) .....	...	(5,000)	...	...
Total Budget Authority	1,294,150	1,271,908	239,073	975,459
<u>Budget Outlays</u>	1,088,449	1,161,156	204,747	830,305

Purpose of Mortgage Insurance Funds. For financial purposes, the mortgage and loan insurance activities of about 40 active Federal Housing Administration programs are grouped within four separate insurance funds. Each fund is treated as a separate entity in terms of income, expenses, and net reserve position. The four funds, together with the major programs they include, are as follows:

1. The Mutual Mortgage Insurance Fund was established to provide for the insurance of mortgage loans on homes under Section 203. It is the largest of the four insurance funds included under the FHA Fund. Under this fund, mortgagors are allowed, at termination of their mortgages, to share in the rebate of premiums paid into the fund which are not required for expenses or losses. Through June 30, 1975, such participation payments to homeowners had amounted to \$323.2 million.

2. The Cooperative Management Housing Insurance Fund covers the insurance of mortgages on management-type cooperatives and supplementary loans under Section 213. This fund is also mutual and participation payments made through 1975 totaled \$25.6 million.

3. The General Insurance Fund, although not the largest of the insurance funds in volume of activity, incorporates the greatest number of home and multi-family programs. This fund covers the insurance of loans on property repairs and improvements; on basic and special-purpose multifamily housing; on urban renewal, middle income, and armed forces housing; and on war and defense housing. Insurance of loans for land development, group practice medical facilities and nonprofit hospitals are also covered by this fund. In addition, the insurance of supplemental loans for the financing of improvements and additions to multi-family projects, nursing homes and group practice medical facilities is included.

HUD Budget Summary
Mortgage Insurance Programs (cont.)

Legislation has been proposed to transfer all Section 221 mortgage insurance activities from the General Insurance Fund to the Special Risk Insurance Fund. The budget assumes that this legislation will be enacted effective October 1, 1976--the beginning of fiscal year 1977. This transfer will bring together in the Special Risk Insurance Fund all high risk programs which have experienced large losses. Appropriations to cover such losses would be authorized under the proposed legislation. Current legislation applicable to the General Insurance Fund authorizes appropriations for losses incurred for properties sold that were originally insured under the Section 221 program which had below market interest rate mortgages.

4. The Special Risk Insurance Fund was created by the Housing and Urban Development Act of 1968 to carry out mortgage insurance obligations in cases where insurance was written on a mortgage covering property in older, declining urban areas which would not otherwise be eligible for mortgage insurance (Section 223(e)); on behalf of a high-risk mortgagor who would not be eligible for FHA mortgage insurance but who, with counseling, could become an acceptable credit risk (Section 237); on behalf of a mortgagor receiving interest reduction payments (Sections 235 and 236); and on a mortgage covering experimental housing where strict adherence to State or local building regulations is not observed (Section 233). Specific sections refer to Sections of the National Housing Act.

As noted above, legislation has been proposed to transfer all Section 221 mortgage insurance activities from the General Insurance Fund to this Fund. An appropriation of \$825.7 million is requested to restore all actual losses through June 30, 1975 for Section 221 and the programs currently under the Special Risk Insurance Fund.

New Program Activity. In addition to extending or expanding the ongoing mortgage insurance activity previously authorized, the Housing and Community Development Act of 1974 (P.L. 93-383) introduced several new programs which should have a significant impact on FHA Fund activity. The major new programs are:

1. Co-Insurance. Under this new program, the mortgagee will share the risk of insurance losses, and will in turn share part of the mortgage insurance premium. The mortgagee is expected to play a greater role in the processing of FHA mortgages, and improved underwriting is expected because of the risk-sharing involved. It is expected that the new program, together with the recent increases in maximum mortgage amounts and loan-to-value ratios, will lead to an expansion in the role of FHA in the mortgage insurance market. Insurance under this program is limited by law to no more than 20 percent of total insurance under all FHA programs. The budget estimates 93,000 unit application receipts in 1977 under the co-insurance program.

Legislation has been proposed to amend the co-insurance authority to clarify the applicability of Section 244 regarding the ability of FHA to co-insure projects with State Housing Finance and Development Agencies. With this clarification it is anticipated that such agencies would be in a position to readily market their obligations in the private market at a reasonable interest rate.

HUD Budget Summary
Mortgage Insurance Program (cont.)

2. Expanded Coverage on Structural Defects (Section 518(b)). Under this section of the National Housing Act, as amended, owners of existing units insured under Section 235 were entitled to make claims to cover the cost of repairs of serious structural defects which affected the use and livability of their homes. Structural defects were limited to those that existed at the time the property was insured and were of such a nature that it should have been disclosed by a proper FHA inspection. The Housing and Community Development Act of 1974 expanded this provision to cover existing units insured under Section 203 or 221 in older, declining urban areas which received an insurance commitment between August 1, 1968, and January 1, 1973. Claims under this section are projected at \$82.5 million through FY 1976.

3. Other New Programs. Section 223(f) was added to the National Housing Act by the Housing and Community Development Act of 1974 and authorizes the insurance of mortgages on existing multifamily housing projects. The new program is intended to aid in the financing and refinancing of older existing apartment buildings by providing permanent financing for good quality projects.

4. Section 8 Lower Income Housing Assistance Program. This program is expected to have a major impact on FHA insurance activity. Housing leased under this program can be privately financed or insured by FHA. This program is discussed under "Annual Contributions for Assisted Housing" section of this volume.

Unit Application Receipts. Unit applications for mortgage insurance are expected to show an increase of 18 percent in 1976 above 1975 activity. They are expected to increase again by an additional 28 percent in 1977. The following table represents the detail of application receipts.

HOME AND MULTIFAMILY MORTGAGE INSURANCE
APPLICATION RECEIPTS - FISCAL YEARS 1975 - 1977

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Number of Units)			
Home Programs:				
Subsidized.....	7,426	50,000	25,000	100,000
Unsubsidized.....	471,195	465,000	116,200	465,000
Co-insurance .....	...	45,000	23,250	93,000
Total.....	478,621	560,000	164,450	658,000
Multifamily Programs:				
Subsidized.....	18,765	6,000	4,000	...
Unsubsidized.....	46,554	78,500	47,250	170,000
Total.....	65,319	84,500	51,250	170,000
Total Subsidized.....	26,191	56,000	29,000	100,000
Total Unsubsidized.....	517,749	588,500	186,700	728,000
Grand Total.....	543,940	644,500	215,700	828,000

HUD Budget Summary
Mortgage Insurance Program (cont.)

Insurance Issued. Total insurance in force is expected to be \$80 billion by the end of 1977 including \$2.2 billion of Title I loan insurance. The amount of insurance in force at any time reflects insurance written, less amortization of mortgages under insurance contracts and termination of insurance contracts, primarily through prepayment.

Activity in each of the three years and Transition Quarter is summarized as follows:

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
	(Dollars in Millions)			
Mortgage insurance commitments (units).....	483,923	504,400	181,600	580,500
Mortgage insurance written..	\$6,182	\$6,436	\$1,168	\$4,905
Title I improvement loans insured.....	723	835	252	1,008
Insurance in force, end of year:				
Mortgage insurance.....	84,954	82,377	82,023	78,063
Improvement loans.....	1,696	1,895	1,956	2,210

Acquired Property and Assigned Mortgages Inventory. Property acquisitions and mortgage assignments are summarized as follows:

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
Acquired Properties:				
Homes.....	71,998	56,598	53,198	35,798
Multifamily.....	38,013	45,770	43,928	26,608
Total Units.....	110,011	102,368	97,126	62,406
Units in Assigned Mortgages (Net):				
Homes.....	6,011	3,511	3,081	2,511
Multifamily.....	156,703	186,703	194,033	214,878
Total Units.....	162,714	190,214	197,114	217,389
Total All Units:				
Homes.....	78,009	60,109	56,279	38,309
Multifamily.....	194,716	232,473	237,961	241,486
Total Units.....	272,725	292,582	294,240	279,795

The Section 8 program for assisted housing and the conventional public housing programs are being utilized in 1976, the transition quarter, and 1977 to help reduce the inventory of acquired properties and the amount of insurance claims estimated to be paid on insured mortgages. It is estimated that 88,000 units will be used under the Section 8 program for this purpose in 1976, 22,000 in the transition quarter, and 110,000 units in 1977. Under the conventional low rent public housing program, about 30,000 units also will be reserved for these purposes in 1976. The resulting savings to the FHA Fund from these actions are estimated at \$730 million in 1976, \$150 million in the Transition Quarter, and \$1,061 million in 1977.

HUD Budget Summary
Mortgage Insurance Programs (cont.)

In addition these two programs will be utilized to make properties already in inventory more saleable thus increasing receipts to the insurance fund. The details of property assignments, acquisition and sales are shown in Exhibit VII on page ST-27 in the Summary Section of this book.

Sales of Acquired Properties (units). The following table reflects sales, in terms of units, of HUD-held properties for both single family and multifamily.

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
Homes	66,113	62,000	15,000	64,000
Multifamily	10,267	14,843	7,742	38,920
TOTAL UNITS	76,380	76,843	22,742	102,920

These sales are expected to provide receipts to the FHA Insurance Funds of \$630.6 million in 1976, \$146.6 in the Transition Quarter, and \$565 million in 1977.

Budget Authority. Budget authority for 1976, Transition Quarter and 1977 total \$1,271.9 million, \$239.1 million and \$975.5 million, respectively, distributed as follows:

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
Treasury borrowing.....	\$1,215,268	\$1,042,000	\$220,000	\$100,000
Change in debentures outstanding.....	78,882	87,408	19,073	49,761
Net Borrowing	1,294,150	1,129,408	239,073	149,761
Appropriations to restore losses .....	...	142,500	...	825,698
Total Budget Authority ..	1,294,150	1,271,908	239,073	975,459

The 1976 Supplement Appropriations Act provided \$142,500,000 to reimburse the Special Risk Insurance Fund, (\$100 million) and the General Insurance Fund, (\$42.5 million) for partial losses incurred on subsidized insured mortgages. Legislation has been proposed which would transfer the mortgages insured under the Section 221 Low- and Moderate- Income insurance program from the General Insurance Fund to the Special Risk Insurance Fund. Based on this proposed legislation, an appropriation for restoration of losses for the Special Risk Insurance Fund of \$825.7 million is being requested in 1977. These appropriations will reduce the amounts required to be borrowed from the Treasury for the payment of claims and will provide sufficient cash in the fund to meet interest and other expenses.

HUD Budget Summary
Mortgage Insurance Program (cont.)

Urban Homesteading. A 1976 Supplemental Appropriation of \$5.0 million is requested to reimburse the Federal Housing Administration Fund for losses incurred under the Urban Homesteading program pursuant to Section 810 of the Housing and Community Development Act of 1974.

Under the program, the Secretary is authorized to transfer, without payment, to a community with a homesteading plan approved by the Secretary, unoccupied one- to four-family residences to which the Secretary holds title. The purpose of the demonstration is to encourage local investment in the preservation of existing housing in targeted neighborhoods.

The program is being implemented in cities that have specified the neighborhoods in which they will coordinate conservation efforts and provide the public services and amenities needed to arrest decline and encourage private investment. Twenty-two cities have been selected to participate in the program involving some 1,000 properties of varying values, totaling \$5.0 million. The cities are expected to use about \$50.0 million of their own funds to launch this experiment.

Net Budget Outlays. Budget outlays arising out of insuring operations reflect the balance between income and other receipts and capital outlay, operating expenses, and participation payments under the Mutual Mortgage and Cooperative Management Housing Insurance Funds. Outlays of \$1,161 million, \$205 million, and \$830 million are expected in 1976, transition quarter and 1977, respectively

Insurance Reserves. Insurance reserves are expected to decrease by \$676 million in the current year, \$240 million during transition quarter and increase by \$68 million in the budget year to a net deficit position of \$1,031 million by the end of 1977.

Insurance reserves by fund are shown in the following tabulation. The estimate for 1977 reflects the transfer of the Section 221 insurance programs from the General Insurance Fund to the Special Risk Insurance Fund.

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Millions)		
Mutual mortgage insurance....	\$1,873	\$1,971	\$1,973	\$2,080
Cooperative management housing insurance.....	21	20	19	19
General insurance.....	-1,041	-1,475	-1,632	60
Special risk insurance.....	-1,036	-1,375	-1,479	-3,190
Total insurance reserves...	-183	-859	-1,119	-1,031

The small improvement in the reserve position by 1977 is directly dependent on approval of the Department's request for an appropriation to restore losses. Without that appropriation, there would be a substantial increase in the deficit position.

EMERGENCY HOMEOWNERS' RELIEF FUND

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)		
<u>Appropriation (Budget Authority)</u>	...	\$35,000	...	...
<u>Budget Outlays</u>

The Emergency Homeowners' Relief Act (P.L. 94-50), enacted July 2, 1975, provides temporary standby authority for the implementation of a program of emergency mortgage relief to homeowners in the event that the condition of the economy causes widespread mortgage foreclosures and distress sales of homes.

Regulations have been published which prescribe that the program would be implemented once the delinquency/foreclosure index reaches 1.20 percent, but only after consultation with other Federal agencies that regulate institutions which make home mortgage loans. This index, described fully in the regulations, is a quarterly weighted index of home mortgage defaults and delinquencies.

Under the Act, the Department is authorized to insure emergency loans or advances made to qualified homeowners. In addition, direct loans are also authorized up to a maximum of \$500 million.

Regulations specifying the conditions under which emergency authority would be utilized and mortgagees deemed eligible were published for comment in the Federal Register on October 9, 1975. Comments were received through December 10, 1975, and the final regulations were issued on December 30, 1975. The Budget does not anticipate that economic conditions will require the activation of the standby authority during the period. Therefore, no obligations or outlays are projected.

NONPROFIT SPONSOR ASSISTANCE
(Sections 106(a) and (b))

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)			
Loans Approved					
(Section 106(b))					
Number of sponsors.....	260	...	108	54	148
Number of units.....	28,080	...	10,800	5,400	14,800
Amount (net).....	\$7,679	...	\$2,700	\$1,350	\$3,700
Grants for Technical					
Assistance and Counseling					
(Section 106 (a)).....	1,000	...	1,000	...	...
Appropriation-(Budget					
Authority)					
Grants.....	2,000	...	...	...	...
Loans.....	8,500	...	...	...	...
Budget Outlays.....	3,130	-331	-2,030	1,015	2,360

Budget Program. The Section 106(b) loan program is a means of providing "seed money" to projects which receive permanent financing under the Section 202 Housing for the Elderly or Handicapped program. Eligibility for the Section 202 program is limited to nonprofit sponsors, and the Section 106(b) loans will provide a portion of the starting capital which this type of sponsor traditionally lacks. These loans will be funded through balances available in the Low and Moderate Income Sponsor Fund from previous appropriations and loan repayments. No appropriation is requested for Fiscal Year 1977 since amounts in this fund are sufficient to fund the estimated program level.

To insure the likelihood of financial stability, only a portion of the start-up costs will be funded through Section 106(b) loans, and sponsors will be required to demonstrate their financial capacity by providing an initial equity investment with their own funds. The sponsors contribution, which is not to exceed \$10,000, will be refunded after initial occupancy is achieved and the successful operation of the project assured.

In Fiscal Year 1976, a limited counseling program is being conducted under the authority of Section 106(a).

HOUSING FOR THE ELDERLY OR HANDICAPPED
(Section 202)

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
<u>Loan Reservations:</u>				
Number of units.....	...	10,800	5,400	14,800
Amount.....	...	\$250,000	\$125,000	\$375,000
<u>Construction Activity:</u>				
Starts.....	...	...	...	8,000
Completions.....	...	...	...	...
Annual Limitation on Lending..	\$214,539	\$375,000 a/	...	\$375,000
Budget Authority b/.....	...	132,352	122,772	355,547
<u>Budget Outlays:</u>				
In budget.....	-1,784	...	...	...
Annexed budget.....	-12,928	-13,497	-4,000	111,000

NOTE: Pursuant to the Housing and Community Development Act of 1974, receipts and disbursements since August 22, 1974, are exempt from the budget totals of the U.S. Government.

a/ Limitation is for both 1976 and the Transition Quarter.

b/ Budget authority represents net borrowings required to support program activity.

Budget Program. A lending level of \$375 million is proposed for fiscal year 1977. This amount would provide permanent financing for approximately 14,800 units. The budget authority reflected for the program represents that portion of the statutory borrowing authority of \$800 million which it is necessary to commit, together with net receipts, to support the program level.

The following table reflects the status of the statutory borrowing authority:

	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)		
Unutilized balance of borrowing authority, start of period.....	\$800,000	\$667,648	\$544,876
<u>Less Budget authority:</u>			
Loan reservations against annual loan limitation.....	250,000	125,000	375,000
Loan reservations financed from balances in fund, repayments and other income (net).....	-117,648	-2,228	-19,453
Net budget authority.....	132,352	122,772	355,547
Unencumbered balance of borrowing authority, end of period.....	<u>667,648</u>	<u>544,876</u>	<u>189,329</u>

HUD Budget Summary

Housing for the Elderly or Handicapped (cont.)

Program Description. This program was established initially by Section 202 of the Housing Act of 1959, which provided direct Federal loans at three percent interest for the construction, rehabilitation or alteration of rental housing for the elderly or handicapped, whose incomes were above the level set for admission to public housing, but below that needed to pay rental for adequate private housing. With the enactment of the Section 236 program, no new loans were reserved under this Section.

Section 210 of the Housing and Community Development Act of 1974 amended the Section 202 program by authorizing new Treasury borrowing authority up to \$800 million. Direct loans may be made at interest rates equal to the Treasury's average borrowing rate on debts with comparable maturities, plus an allowance to cover administrative costs and probable losses. This Section also provided that receipts and disbursements under the program were exempted from the Federal budget and that the level of annual lending would be subject to approval in Appropriation Acts.

Under the program, projects may include essential service facilities such as dining facilities, community rooms, and small treatment centers. The inclusion of related facilities is restricted to essential services, in order to keep rents within the range of the lower and middle income group.

Eligibility for the revised program has been limited to nonprofit sponsors with new Section 202 loans being made in conjunction with the Section 8 Lower Income Housing Assistance program. Sponsors are eligible for "seed money" loans from the Nonprofit Sponsor Assistance Fund pursuant to Section 106(b) of the HUD Act of 1968, as amended. "Seed money" loans will be used to fund a portion of the start up costs and are repayable when the project is approved for permanent financing and ready to begin construction.

<u>CUMULATIVE</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>TRANSITION</u>	<u>ESTIMATE</u>
<u>6/30/74</u>	<u>1975</u>	<u>1976</u>	<u>QUARTER</u>	<u>1977</u>
(Dollars in Thousands)				

Authority:

authority.....	\$280,000	...	\$20,000
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(236) contract

authority.....	700,000
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Contract authority....	40,600	-\$17,418
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Borrowing authority...	3,775,000	...	-964,000
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Contract authority for the College Housing Loans program was rescinded by the Congress on December 21, 1974. Balances of borrowing authority were withdrawn by the Congress in the 1976 Appropriation Act, leaving only amounts for a limited program of assistance to existing projects during the current year.

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HUD Budget Summary
Other Housing Subsidy Programs (cont.)

RENT SUPPLEMENT PROGRAM

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Contract Authority:</u>					
Released in appropriation acts.....	\$280,000	...	\$20,000	...	...
Used (net).....	248,548	\$28,505	16,948	\$6,000	...
Unused balance.....	31,453	2,948	6,000	...	...
<u>Budget Authority:</u>					
Released in appropriation acts.....	11,200,000	...	800,000	...	...
Obligated (net).....	9,941,899	1,140,186	677,915	240,000	...
Unobligated balance...	1,258,101	117,915	240,000	...	...
<u>Units Reserved:</u>					
Total.....	202,000	14,951	-8,000	...	...
Market rate.....	120,890	1,444	...	...	...
Section 236.....	81,110	13,507	...	...	...
Conversions to					
Section 236 Deep					
Subsidy Program...	...	...	-8,000	...	...
<u>Units Started (Market</u>					
<u>rate).....</u>	98,284	2,649	2,500	1,000	3,000
<u>Unit Occupancy (End of</u>					
<u>period).....</u>	147,847	165,326	183,000	187,000	193,000

Section 101 of the Housing and Urban Development Act of 1965, as amended, provided a program of rent supplements on behalf of needy tenants living in privately owned, privately operated, and privately financed housing. Eligible tenants must pay 25 percent of their income toward the rent, and the difference between the tenant payment and the economic rent is made up by a rent supplement payment directly to the project owner.

This program has been used in the past to provide additional, "piggyback" assistance to a portion of the units in Section 236 projects. The Housing and Community Development Act of 1974 provided a new "deep subsidy" program of assistance payments for certain projects to replace the Rent Supplement "piggy-back" program. Section 236 projects which were approved subsequent to August 22, 1974, are eligible for this assistance.

Activity in 1976 reflects conversion of eligible Rent Supplement projects to the new "deep subsidy" program as well as increases in existing contracts for the payment of rent increases made necessary by higher project operating costs. The \$20 million in contract authority released in the 1976 Appropriations Act, may be used only to increase the subsidy reservations for units in ongoing Rent Supplement projects, as indicated in the House Report on the 1976 Appropriation Bill. These increases are required to offset the impact of approved rent increases. No additional authority is requested in 1977, since it is anticipated that rent increases necessary to keep projects financially viable will be funded under the Section 8 Lower Income Housing Assistance program. Funds will be available under the Section 8 program to finance additional subsidy payments to ongoing Rent Supplement projects.

HUD Summary Budget
Other Housing Subsidy Programs (cont.)

RENTAL HOUSING ASSISTANCE PROGRAM
(Section 236)

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Contract Authority:</u>					
Released in appropriation acts.....	\$700,000	...	...	...	...
Recovery of one-year subsidy funding...	...	...	\$23	\$272	\$68
Used.....	518,637	\$56,336	102,049	10,068	13,272
Unused balance.....	181,363	125,026	23,000	13,204	...
<u>Budget Authority:</u>					
Released in appropriation acts.....	28,000,000	...	...	...	...
Recoveries.....	...	...	23	272	68
Obligated (net).....	20,745,492	2,252,552	4,071,376	400,068	520,272
Lapse.....	...	903	9,700	...	...
Unobligated balance.	7,254,508	5,001,053	920,000	520,204	...
<u>Number of Units Reserved</u>	535,736	22,634	30,000	...	...
<u>Units Started.....</u>	479,428	19,421	60,000	8,000	20,000
<u>Unit Occupancy (End of period).....</u>	293,831	400,360	459,000	478,000	555,000

Program Description. The Housing and Urban Development of 1968, as amended, authorized a Rental Housing Assistance Program to reduce mortgage interest rates on behalf of lower income families to as low as 1 percent in order to assist them in renting new or existing housing which they could not otherwise afford. Under this program, assistance payments to the mortgagee reduce the monthly payment which the owner of a rental or cooperative project is required to pay for principal, interest and mortgage insurance premium under the mortgage covering the project. These savings are passed on to the tenant in the form of reduced rentals. A family is required to make rental payments amounting to no less than 20 percent of income.

Authority under this program will be used as necessary during fiscal year 1976 to honor bona fide commitments and to fund amendments to previously approved units. In addition, the Housing and Community Development Act of 1974 provided a new program of "deep subsidies" for low income families who occupy Section 236 units and are currently required to pay a basic rent which exceeds 25 percent of family income.

The deep subsidy program replaces the Rent Supplement "piggy-back" program as a means of providing additional subsidies for low income families in Section 236 projects which were approved subsequent to August 22, 1974.

Deep subsidies will require \$30.0 million in 1976 and \$10 million in the Transition Quarter. All eligible projects are expected to be funded by the end of the Transition Quarter, however, cost adjustments will be required in 1977 amounting to \$13.0 million for these contracts.

HUD Budget Summary
Other Housing Subsidy Programs (cont.)

Recoveries. The Housing and Community Development Act of 1974 also included authorization to pay subsidies for certain increased tax and utility costs incurred by projects currently receiving Section 236 assistance. Based upon several court orders, the Department is currently paying about \$272 thousand per year for such subsidies. The amount made available is permanent authority and the amounts used during any one year are recaptured for use in the next year.

Conversion of formerly 40 year authority to this one year at a time basis requires a lapse of 39 years worth of budget authority as shown in the highlight tables.

Budget Program. In total, the remaining contract authority in this program is budgeted to be used as follows:

	<u>FY 1976</u>	<u>TRANSITION QUARTER</u>	<u>FY 1977</u>
	(Dollars in Thousands)		
Balance available at start			
of period.....	\$125,026	\$23,000	\$13,204
Recovery of one-year subsidy			
funding.....	<u>23</u>	<u>272</u>	<u>68</u>
Total available.....	<u>125,049</u>	<u>23,272</u>	<u>13,272</u>
<u>Use of Authority:</u>			
Bona fide commitments.....	65,000	...	...
Deep subsidy.....	30,000	10,000	10,000
Amendments to prior contracts.	6,777	...	3,000
Subsidy for taxes and utilities	<u>272</u>	<u>68</u>	<u>272</u>
Total use of authority...	<u>102,049</u>	<u>10,068</u>	<u>13,272</u>
Balance of authority at end			
of period.....	23,000	13,204	...

HUD Budget Summary
Other Housing Subsidy Programs (cont.)

COLLEGE HOUSING PROGRAM

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Program Level</u>					
<u>Net Reservations:</u>					
Number.....	3,861	-28	33	9	...
Amount.....	\$4,717,574	\$-34,123	\$35,500	\$10,000	...
Private.....	(901,522)	(-41,378)	(...)	(...)	(...)
Federal.....	(3,816,052)	(7,255)	(35,500)	(10,000)	(...)
<u>Budget Authority:</u>					
Borrowing and other loan authority.....	5,975,000a/	...	-964,000	...	...
Debt service grant (contract authority)	1,624,000	-696,720b/	...	...	...
Appropriation for PC insufficiencies....	219,224	15,143	14,500	3,700	...
Total budget authority.....	7,818,224	-681,578	-949,500	3,700	...
<u>Budget Outlays (Loan Fund).....</u>					
	3,388,789	-55,418	-30,000	-15,000	...
<u>Debt Service Grants</u>					
<u>Contract Authority:</u>					
Released in appropriation act	40,600	...	...	...	...
Used.....	24,867	-1,685	...	...	...
Rescinded.....	...	17,418 b/	...	...	...
Unused balance.....	15,733	...	...	...	...

a/ Includes \$2.2 billion participation sales authorizations and \$3,775 million borrowing authorization.

b/ Rescinded by Public Law 93-529, dated December 21, 1974.

Federal financial assistance to colleges and eligible hospitals for the construction of housing and essential housing related facilities was authorized by the Housing Act of 1950, as amended. Assistance was provided by direct Federal loans at an interest rate of 3 percent, and for that purpose the Act provided for Treasury borrowing authority. The Act was amended in 1968 to provide for a program of privately financed loans accompanied by a Federal interest subsidy equal to the difference between the market interest on the loan and interest at 3 percent.

The interest subsidy program was terminated, and the remaining balance of \$17.4 million in contract authority for that purpose was rescinded by the Congress on December 21, 1974.

The balance of undrawn Treasury borrowing authority of \$964 million was withdrawn by the Congress and the budget authority transferred to the Community Development Grant program in the 1976 HUD-Independent Agencies Appropriation Act. Balances available in the College Housing Loan Fund, comprised primarily of loan repayments and interest income, will be utilized in 1976 and the Transition Quarter for a limited program--estimated at \$45.5 million--to assist colleges which had received debt service grant commitments, but for which private financing was found

HUD Budget Summary
Other Housing Subsidy Programs (cont.)

to be inadequate, and for adjustments and amendments to current loans.

The budget proposes language for 1977 authorizing the transfer of the assets and liabilities of the Fund to the Revolving Fund (Liquidating Programs) for liquidation, including repayment of Treasury borrowing, with interest. Balances in the College Housing Fund, after carrying out the program referred to above, should be sufficient only for necessary operating expenses (primarily interest) and the repayment of debt to the Treasury.

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HOUSING PAYMENTS

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Units Eligible for Payment,</u>					
<u>End of Period:</u>					
Lower Income Housing Assistance (Section 8)...	...	...	47,000	87,000	299,000
Homeownership Assistance:					
Revised program.....	...	...	...	...	59,000
Original program.....	418,905	408,915	406,000	402,000	385,000
Rent Supplement.....	147,847	165,326	183,000	187,000	193,000
Rental Housing Assistance.	293,831	400,360	459,000	478,000	555,000
Low Rent Public Housing...	<u>1,109,000</u>	<u>1,151,000</u>	<u>1,197,000</u>	<u>1,207,000</u>	<u>1,235,000</u>
Total.....	1,969,583	2,125,601	2,292,000	2,361,000	2,726,000
College Housing facilities eligible for payment....	265	337	420	426	430
<u>Appropriation:</u>					
Appropriation to liquidate contract authority.....	\$9,435,397	\$2,300,000	\$2,245,000	\$600,000	\$3,070,000
Portion applicable to operating subsidies for PHA-owned units a/.....	<u>-1,078,504</u>	<u>-475,370</u>	<u>...</u>	<u>...</u>	<u>...</u>
Appropriation, adjusted.	8,356,893	1,824,630	2,245,000	600,000	3,070,000
<u>Budget Outlays:</u>					
Outlays from liquidation of contract authority.....	8,383,227	2,087,106	2,313,000	565,000	2,570,000
Outlays applicable to operating subsidies for PHA-owned units a/.....	<u>-870,329</u>	<u>-339,915</u>	<u>-338,000</u>	<u>-10,000</u>	<u>-20,000</u>
Outlays, adjusted.....	7,512,898	1,747,191	1,975,000	555,000	2,550,000
a/ Transferred for comparability purposes to "Payments for Operation of Low Income Housing Projects."					

The budget for 1977 includes an appropriation request for \$3,070 million for the liquidation of contract authority to make payments for subsidized housing programs. Funds for Low Rent Public Housing Operating Subsidies are included in the appropriation for "Payments for Operation of Low Income Housing Projects."

Payments for the following programs are included in this appropriation:

1. Lower Income Housing Assistance Program (Section 8)

The Housing and Community Development Act of 1974 authorized the new Lower Income Housing Assistance program (Section 8) to replace existing authority for assistance with respect to low-income housing in private accommodations (Section 23).

Under the Section 8 program, assistance is provided on behalf of eligible families occupying new, substantially rehabilitated, or existing rental units through assistance payment contracts with owners who may be private owners, cooperatives, or public housing agencies. Families eligible for subsidy under the program are those whose total annual family income is not in excess of 80 percent

HUD Budget Summary
Housing Payments (cont.)

of the area median income with adjustments for family size and other variations as defined by the Secretary.

Families aided under this program are required to contribute not less than 15 percent of their gross family income or not more than 25 percent of adjusted family income as determined by the Secretary.

2. Homeownership Assistance Program:

a. Revised Program: The Budget reflects the reactivation of a revised Section 235 Homeownership Assistance program. This revised program provides a more limited interest subsidy to qualified homebuyers and a higher initial financial commitment by the homebuyer than the original program. The maximum subsidy would be the difference between monthly payments required by the mortgage, including the principal, interest and mortgage insurance premium and what such payment would be with the mortgage interest rate set at 5 percent. Approximately 59,000 units are expected to become eligible for payment in fiscal year 1977.

b. Original Program: Continuing contractual commitments under the original Section 235 Homeownership Assistance Program require that periodic subsidy payments be made to the mortgagee during the term of the mortgage, or until the mortgagor's income rises to a level where the mortgagor is no longer eligible for subsidy.

3. Rent Supplement

Continuing contractual commitments under the Rent Supplement Program require that periodic subsidy payments be made to owners of certain private housing projects rented to low income tenants. A rental rate (economic rent) sufficient to cover total housing costs is established for each rental unit and eligible tenants must pay 25 percent of their income toward the established rental rate with the deficiency made up by a rent supplement payment directly to the project owner. Such rent supplements cannot exceed 70 percent of the economic rent. Families may remain in the project as their income rises by paying a higher rent and receiving a lower subsidy payment.

4. Rental Housing Assistance (Section 236)

Continuing contractual commitments under the Section 236 Rental Housing Assistance Program require that periodic subsidy payments be made to the mortgagee, on behalf of the mortgagor, which serve to reduce interest costs on multifamily project mortgages. Such payments reduce rentals to a basic charge and the tenant pays either the basic charge or such greater amount as represents 25 percent of income, but not in excess of the fair market rent. The Housing and Community Development Act of 1974 authorized additional rental housing assistance payments ("deep subsidies") for a maximum of 20 percent of the units in a project approved for insurance under Section 236 after August 22, 1974. The additional assistance is provided on behalf of tenants whose incomes are so low that for them to pay the basic rental charges would require them to pay more than 25 percent of their incomes for rent.

5. Low Rent Public Housing

Continuing contractual commitments under the Low Rent Public Housing Program require that annual debt service and basic contribution payments be provided to Public Housing Authorities (PHAs) to amortize the capital costs of PHA-owned housing or to subsidize PHA-leased housing costs. Included are amortization of capital costs under the modernization program.

HUD Budget Summary
Housing Payments (cont.)

6. College Housing

Continuing contractual commitments under the College Housing Debt Service Grant Program require that periodic payments be made to supplement the debt service paid by colleges and eligible hospitals on private loans to amortize the capital costs of housing and essential housing-related facilities.

Summary. The following is a summary of the Housing Payments appropriation to liquidate contract authority shown by subsidized housing program and the related budget outlays.

HOUSING PAYMENTS

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Use of Appropriation</u> <u>to Liquidate Contract</u> <u>Authority:</u>					
Lower Income Housing					
Assistance (Sec. 8).....	...	...	\$269,000	\$71,000	\$799,000
Homeownership Assistance:					
Revised program.....	...	...	...	...	25,000
Original program.....	\$901,835	\$195,157	191,000	47,000	185,000
Rent Supplement.....	397,942	177,396	219,000	66,000	258,000
Rental Housing Assistance.	546,131	384,925	464,000	133,000	603,000
Low Rent Public Housing a/	6,099,013	946,664	1,082,000	276,000	1,179,000
College Housing grants....	18,750	17,414	20,000	7,000	21,000
Adjustments and unutilized	<u>393,222</u>	<u>103,074</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total appropriation.....	8,356,893	1,824,630	2,245,000	600,000	3,070,000
<u>Budget Outlays:</u>					
Lower Income Housing					
Assistance (Sec. 8).....	...	...	37,000	28,000	351,000
Homeownership Assistance:					
Revised program.....	...	...	...	...	24,000
Original program.....	894,759	193,996	190,000	47,000	184,000
Rent Supplement.....	385,386	174,745	219,000	65,000	258,000
Rental Housing Assistance...	537,675	391,949	457,000	131,000	596,000
Low Rent Public Housing a/..	5,674,159	971,702	1,054,000	278,000	1,118,000
College Housing grants.....	<u>20,919</u>	<u>14,799</u>	<u>18,000</u>	<u>6,000</u>	<u>19,000</u>
Total outlays.....	7,512,898	1,747,191	1,975,000	555,000	2,550,000

a/ Excludes Low Rent Public Housing Operating Subsidies which are shown in the section "Payments for Operation of Low Income Housing Projects."

Obligated Balances. The new basis for reflecting budget authority for the subsidized housing programs provides information about the long term obligations entered into when contracts are executed. The following table reflects the distribution of unfunded year-end obligated balances of contract authority as shown in the Budget on this long-term basis. The Housing Payments appropriation funds the annual liquidation of obligated balances.

HUD Budget Summary
Housing Payments (cont.)

PROGRAM	CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Millions)					
Lower Income Housing					
Assistance (section 8).....	...	\$8,256	\$23,527	\$27,341	\$48,153
Homeownership Assistance:					
Revised program.....	...	...	7,921	7,921	7,896
Original program.....	\$11,113	10,132	9,941	9,264	9,709
Rent Supplement.....	9,532	10,495	10,954	11,128	10,870
Rental Housing Assistance....	20,175	22,043	25,650	26,547	25,834
Low Rent Public Housing.....	33,484	37,035	42,038	42,028	42,291
College Housing grants.....	972	887	867	860	839
Total.....	75,276	88,848	120,898	125,089	145,592

Fees for Mortgage Servicing. Obligations for the Section 235 Program include fees paid to mortgagees for servicing the mortgages. Currently, a fee of \$3.50 per month for each mortgage is paid to the mortgagee to compensate for the additional workload related to servicing the mortgages. This fee will be revised downward to \$3.00 per month for each mortgage effective approximately February 1, 1976. A fee of \$3.50 per month for each Section 236 mortgage was discontinued effective January 1, 1975 after determination by the Secretary that there were no significant extra expenses required for servicing Section 236 mortgages to warrant continuation of the fee. The following table shows the amount of fees to be paid through fiscal year 1977.

	CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)					
Mortgage servicing fees for					
Section 235:					
Original program.....	\$46,256	\$11,004	\$10,200	\$2,300	\$9,000
Revised program.....	...	...	...	...	1,000
Mortgage servicing fees for					
Section 236.....	241	70	...	...	...
Total.....	46,497	11,074	10,200	2,300	10,000

RENTAL HOUSING ASSISTANCE FUND

	CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
Fund balance available, start of period.....	NA	\$20,447	\$35,600	\$44,000	\$44,932
Excess rental collections received in period.....	\$18,934	13,233	5,672	...	...
Interest income received in period.....	1,513	1,943	3,000	1,000	4,000
Payments for increased utilities and taxes.....	...	-23	-272	-68	-272
Fund balance available, end of period.....	20,447	35,600	44,000	44,932	48,660
Budget Outlays.....	-20,372	-15,202	-8,400	-932	-3,728

HUD Budget Summary
Housing Payments (cont.)

The Housing and Urban Development Act of 1968 authorized the Secretary to establish a revolving fund into which would be deposited rental collections in excess of the established basic rents for units in a Section 236 subsidized project. Repayments of such collections are estimated to decline after fiscal year 1976 due to a change in calculating excess payments from an individual unit basis to a project basis. Balances shown are subject to revision to the extent such recalculations require changes. Highlights of the fund are as follows:

Section 212 of the Housing and Community Development Act of 1974 provides that fund balances may be used, subject to the prior commitment of contract authority, for the payment of utility and tax increases in Section 236 projects. In 1976, the Department was directed by court order to use the funds for this purpose in certain specific cases.

It is estimated that present and anticipated court ordered payments will total about \$272 thousand in fiscal year 1977 for those cases currently filed. These court ordered payments represent the payment of additional funds for increased utilities cost or real estate taxes which may increase or decrease from year to year. Since the amounts are not fixed at a single level, contracts will be entered into on a yearly basis and not for the remaining term of the interest reduction subsidy contractual payments. Therefore, contract authority used on this basis will be recaptured in the following year and is considered as permanent authority.

Under the Section 8 program the Department proposes to use contract authority in both 1976 and 1977 to provide additional subsidies to troubled Section 236 projects. With the use of these additional subsidies it is anticipated that no additional Section 236 contract authority or payments will be necessary other than the currently projected amounts.

CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)				

a/ Represents budget authority available without appropriation action under pre-1976 procedures.

b/ Excludes the carry over from fiscal year 1974 of \$28,374 thousand in unobligated budget authority for a total fiscal year 1975 availability of \$475,370 thousand.

c/ Outlays for operating subsidies from "Housing Payments" appropriation shown for comparability.

Program Description. Low Rent Public Housing operating subsidies are provided to PHAs to assist in financing the operation of PHA-owned Low Rent Public Housing dwellings in accordance with Section 9 of the United States Housing Act of 1937, as amended. Operating subsidies help maintain operating and maintenance services and provide for minimum operating reserves.

<u>PURPOSE</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars	in Thousands)	
Interim funding formula	\$157.2	...	...	...
Performance Funding System formula	200.4	\$500.0	\$71.0	\$463.6
Utility cost adjustments	82.8	...	9.0	...
Target Projects	35.0	35.0	...	...
Total	475.4	535.0	80.0	463.6

Performance Funding System Formula. The Performance Funding System (PFS) formula was implemented effective April 1, 1975. The PFS formula is used to calculate the level of operating subsidy to be provided to each Public Housing Authority (PHA) to operate its owned units based on a rate comparable to what it costs a well-managed PHA of comparable size, location and characteristics.

HUD Budget Summary
Payments for Operation of Low Income Housing Projects (cont.)

Based upon this method of calculation, the fiscal year 1977 estimated requirement for operating subsidies is \$463.6 million.

Using the data collected, the PFS formula is used to estimate the operating expense requirements of well-managed PHAs. To determine the allowable expense level for each PHA individually, data for each PHA is applied to this formula and an estimate of the expense level at which each PHA should and can operate is thereby established.

Beginning in 1977, the PFS formula will be expanded to incorporate revenue as well as expense standards. The revenue standard will base rental payments on 25 percent of a tenant's adjusted income, with exceptions for a very large low-income family or a large very low-income family, but in no case would rental payments be less than 15 percent of gross income. This change in the PFS formula will be accomplished by administrative action. This will conform the standards used in public housing to those used in the Section 8 program.

Legislation will be proposed to revise the definition of "income" under the public housing program so that it conforms to the definition used under the Section 8 lower income housing assistance program. These changes, which will make the public housing and Section 8 programs consistent in their treatment of tenant income, are reflected in the 1977 budget estimate which is expected to be \$112.4 million below the required amount had the standards not been revised.

Utility Cost Adjustments. To the extent funds are available, PHAs have been provided with additional subsidies to compensate for extraordinary rises in utility costs. In fiscal year 1975, \$82.8 million was provided for this purpose. An unfunded requirement of \$9 million will be carried into the Transition Quarter. Funds are provided in this fashion only when an PHA can demonstrate that reserves were depleted because of the rise in utility costs.

Target Projects Program. Fiscal year 1976 is the last year of a three-year, \$105 million demonstration known as the Target Projects Program (TPP). The purpose of the demonstration is to provide additional financial assistance to selected projects experiencing serious operating problems. The funds are intended to provide improvements in the physical condition and safety of projects assisted and provide for concentrated services utilizing a variety of resources from the community and the local, State, and Federal Governments. The program now will be evaluated to determine whether or not the approach is a successful one in "turning-around" problem projects.

MODERNIZATION OF LOW RENT PUBLIC HOUSING

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Contract Authority</u>	\$87,357	\$39,426	\$20,093	...	\$20,000
<u>Budget Authority</u>	3,494,280	1,577,040	421,953	...	420,000
Capital costs financed with above authority....	1,068,790	423,358	216,000	...	215,000

The fiscal year 1977 budget proposes the release of \$20 million of contract authority for low rent public housing modernization. This authorization is included in the appropriation language for "Annual Contributions for Assisted Housing". Funds required for annual Low Rent Public Housing debt service payments to amortize modernization costs are included in the appropriation for "Housing Payments".

The \$20 million of contract authority proposed for modernization in fiscal year 1977 will finance approximately \$215 million of capital costs at currently anticipated interest rates. On a cumulative basis through September 30, 1977, \$166.9 million of contract authority is estimated to be used which is expected to finance \$1,923.1 million of modernization capital costs.

Program Description. Modernization financing enables Public Housing Authorities (PHAs) to obtain capital funds for the purpose of upgrading living conditions in older PHA-owned low rent public housing projects to present-day standards, correcting serious physical deficiencies, and achieving operating efficiency and economy. This may involve alterations, betterments, additions or replacements of the structures, non-expendable equipment or site. Modernization provides for the conservation, preservation and rehabilitation of existing public housing projects and dwelling units and is a key component in the restoration of Low Rent Public Housing to financial strength and social viability. Under existing regulations, use of modernization funds is limited to those costs which may be capitalized under normal business practices.

Modernization funding is based upon increasing the borrowings--capital costs--of a Public Housing Authority and then amortizing these borrowings over the contract period, usually the time remaining under an outstanding contract. The annual payment requirements are based upon the annual contract authority commitment.

HUD Budget Summary
Modernization of Low Rent Public Housing (cont.)

Program Priorities. During fiscal years 1976 and 1977, emphasis will be placed on funding certain critical categories of work which may include:

- (a) Tie-in with Target Projects (see below);
- (b) Work required to comply with Federal, State and local laws relating to health and safety;
- (c) Work needed to preserve the basic integrity of structures and systems;
- (d) Work which will result in an immediate and demonstrable cost-benefit to LHAs; and
- (e) Work which will result in energy conservation.

PHAs are required to submit planning documents regarding expenditures of funds and completion of work and provide supervision and inspection to insure both work quality and progress. PHAs are required to report progress on a quarterly basis comparing their actual performance with their planned performance. PHAs also are required to submit a statement from their localities reaffirming the commitment under the local Cooperation Agreement to furnish PHAs and their residents with the same type and level of public services and facilities as provided to the community-at-large.

Target Projects. A portion of the modernization funds is used in conjunction with the Low Rent Public Housing Target Project funding to reinvigorate individual projects with serious operational and environmental problems as discussed under "Payments for Operation of Low Income Housing Projects". They receive first priority in the use of modernization funds. Approximately \$6.6 million of the \$20.1 million of contract authority approvals estimated for fiscal year 1976 will be used to finance necessary physical improvements in selected Target Projects and will complement the additional Low Rent Public Housing Operating Subsidies provided to such projects.

LIQUIDATING PROGRAMS

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)			
Repayment of loans, mortgages and advances..	NA	\$6,288	\$13,100	\$3,100	\$102,100
Interest and other in- come.....	NA	5,516	21,000	5,250	134,091
Net book value of assets, end of period.....	\$45,624	1,363,424	745,490	999,335	3,940,274
Repayment of investment to Treasury.....	901,478	...	...	...	...
Redemption of agency debt.	...	...	385,500	...	340,810
Transfer to Disaster Assistance Fund.....	13,000	37,000	...	...	...
Budget Outlays.....	NA	58,193	220,000	20,000	19,500

Pursuant to Section 117(b) of the Housing and Community Development Act of 1974 which provided for the transfer for liquidation of community development programs, Basic Water and Sewer Facilities, Neighborhood Facilities, Open Space Land and Public Facility Loan assets were transferred into the fund in fiscal year 1975. Subsequent to its termination on August 22, 1976, it is anticipated that all remaining Section 312 Rehabilitation Loan Fund assets will be transferred during the Transition Quarter into this fund. The Assistant Secretary for Community Planning and Development will retain responsibility for managing all of these programs, except the Public Facility Loan program, which was placed under the management of the Assistant Secretary for Housing Management on September 1, 1975.

During 1977, it is proposed to transfer the assets and liabilities of the College Housing Loan Fund to the revolving fund for management. Assets of \$3,129 million are reflected for transfer on October 1, 1975. In 1976, \$385.5 million in agency debt receipts--Treasury borrowings under the Public Facility Loan program--will be repaid. An additional \$340,810 thousand in agency debt is estimated to be redeemed in 1977 under the Public Facility Loan Program and the College Housing Loan Program. These redemptions are as follows:

HUD Budget Summary

Liquidating and Community Disposition Programs (cont.)

	ESTIMATE 1976 (Dollars in Thousands)	ESTIMATE 1977
Public Facility Loans:		
Participation certificates.....	...	\$6,324
Repayment of Treasury borrowings.....	\$385,500	...
College Housing Loans:		
Participation certificates.....	...	1,857
Repayment of Treasury borrowings.....	...	<u>332,629</u>
Total	<u>385,500</u>	<u>340,810</u>

The liquidation of fund assets is accomplished by the scheduled repayment of mortgages, loans and advances and through refunds and write-offs or when program disbursements have been completed.

In fiscal year 1973, \$13 million was transferred to the Disaster Assistance Fund and an additional \$37 million was transferred to the Disaster Assistance Fund in fiscal year 1975. Funds transferred to the Disaster Assistance Fund are repayable to the Revolving Fund (Liquidating Programs) when no longer required to finance disaster operations.

COMMUNITY DISPOSITION

	CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
Repayment of investment to					
Treasury.....	\$79,400	\$500	\$1,000	...	\$1,000
Budget Outlays.....	NA	-865	-600	-\$150	-600

The Community Disposition Program was established by the Atomic Energy Community Act of 1955 to dispose of Federally-owned properties at Oak Ridge, Tennessee; Richland, Washington; and by amendment in 1963, Los Alamos, New Mexico. All sales under the program have been completed and continuing Community Disposition Program operations only involve servicing and liquidation of the mortgage portfolio which was acquired from the sale of the AEC properties and consisted of 705 mortgages with an unpaid principal balance of approximately \$4.1 million as of June 30, 1975.

A dividend of \$500 thousand was declared for fiscal year 1975 and transferred to the Treasury. This made a cumulative repayment of investment to the Treasury of \$79.9 million. Based on current income and expenditures, it is expected that dividends in the amount of \$1 million in fiscal years 1976 and 1977, respectively, will be declared to produce a cumulative total of \$81.9 million to be transferred to the Treasury by September 30, 1977.

DISASTER ASSISTANCE FUND

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
Obligations.....	\$190,362	\$13,538	\$30,000	\$3,500	\$14,000
Budget Outlays.....	48,700	-37,554	-11,147	...	...

Pursuant to mission assignments received from the Federal Disaster Assistance Administration, the Department is authorized under the Disaster Relief Acts of 1970 and 1974 to use its own funds and resources to provide assistance to victims of Presidentially declared disasters. Such mission assignments are normally to provide, manage, and finance temporary housing for persons displaced by disasters.

The 1973 Appropriation Act for the Department of Housing and Urban Development authorized the Secretary to establish a fund to finance initially the costs of providing and managing temporary housing. This fund provides such financing prior to obtaining reimbursement from funds appropriated to the President for disaster relief. After the fund is reimbursed, the contributing accounts may be repaid, although sufficient balances are retained in the fund to enable the Department to provide emergency housing promptly.

The Department was first assigned 4 temporary housing missions in August and September 1969, by the Office of Emergency Preparedness to assist the victims of the Hurricane Camille disaster. As of December 10, 1975, 142 additional assignments had been received for a cumulative total of 146 assignments since Hurricane Camille.

The primary source of temporary housing is existing rental units and mobile homes which may be provided by HUD rent free to eligible families for a maximum of 12 months. HUD is authorized to purchase or lease mobile homes and travel trailers if Government-owned or private resources are not available or have been filled. The mobile home units contain either two or three bedrooms and multiple units are available where the size of the family makes it necessary. Since the Agnes disaster in 1972, mobile homes purchased by the Department have been refurbished and stored strategically and used again in other disasters. Those not needed or no longer considered to meet HUD's standards are declared excess to the General Services Administration for disposal under Federal Property Management Regulations.

Since the establishment of the fund through June 30, 1976, \$133 million will have been transferred into the fund, and net repayments to contributing accounts will have totaled \$83 million, leaving a balance of \$50 million to respond to emergencies.

HUD Budget Summary
Disaster Assistance Fund (cont.)

The following table shows the projected status of the fund:

STATUS OF DISASTER ASSISTANCE FUND

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)			
Balance available, start of period.....	NA	\$50,538	\$45,475	\$50,000	\$50,000
Obligations.....	\$190,362	13,538	30,000	3,500	14,000
Reimbursement from funds appropriated to the President.....	164,901	34,475	34,525	3,500	14,000
Advances from and repayments to contributing accounts:					
Housing for the elderly or handicapped.....	63,000	-63,000	...	...	...
Liquidating programs.....	<u>13,000</u>	<u>37,000</u>	<u>...</u>	<u>...</u>	<u>...</u>
Subtotal, Transfers....	76,000	-26,000	...	...	...
Balance available, end of period.....	50,538	45,475	50,000	50,000	50,000

SPECIAL ASSISTANCE FUNCTIONS

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Commitments:</u>					
Tandem-Unsubsidized					
Housing.....	\$7,075,107	\$ 5,475,925	...	...	...
Tandem-Subsidized					
Housing.....	9,067,014	368,079	\$609,708	...	...
Other.....	<u>7,114,282</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total.....	23,256,403	5,844,004	609,708	...	...
<u>Mortgage Purchases:</u>					
Tandem-Unsubsidized					
Housing.....	1,422,484	2,714,805	1,884,000	\$53,200	\$212,800
Tandem-Subsidized					
Housing.....	1,595,879	316,408	350,000	50,000	254,407
Other.....	<u>5,832,451</u>	<u>24,975</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total.....	8,850,814	3,056,188	2,234,000	103,200	467,207
<u>Mortgage Sales:</u>					
Sales under Tandem					
Plan.....	2,689,763	1,296,167	3,854,655	103,200	467,207
Sales from Portfolio					
(gross).....	<u>457,958</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total.....	3,147,721	1,296,167	3,854,655	103,200	467,207
<u>Portfolio, end of year</u>	3,180,156	4,544,943	2,270,644	2,666,783	2,524,440
<u>Budget Authority</u>					
Borrowing Authority...	7,750,185	...	...	...	...
Special Assistance					
Operations.....	7,750,185	...	...	...	...
Participation sales					
Authorization.....	1,225,000	...	...	...	...
Participation sales					
insufficiency					
appropriations..	34,195	8,077	8,227	2,044	8,100
<u>Budget Outlays.....</u>	1,456,532	1,676,100	-1,251,338	48,110	158,139

Program Description. The Government National Mortgage Association (GNMA) through its Special Assistance Functions, has provided a market for various types of mortgages, including unsubsidized FHA insured and VA-guaranteed mortgages, subsidized FHA insured mortgages, and other selected types of mortgages. Such assistance has involved a direct purchase program under which mortgages are purchased and held in portfolio, or a tandem-type program under which mortgages are purchased at favorable prices to avoid deep discounts and then sold at the going market yields, with GNMA absorbing any discount points. Activities under this account are in support of prior programs with new activity being conducted under the authority of Emergency Home Purchase Assistance Act of 1974, as amended. Following are descriptions of activities carried out by GNMA:

HUD Budget Summary
Special Assistance Functions (cont.)

1. Unsubsidized Housing Mortgage Program. Under this program, GNMA issued advance commitments to purchase mortgages at below-market rates. These commitments may be sold back to the mortgage originators at market prices. Thereafter, when the mortgage transaction is completed, GNMA pays the originator the difference between the price at which the commitment was issued and the price at which it was sold back. Where commitments are not sold back, GNMA buys the mortgages and resells them at market prices. No commitment activity is currently reflected in the budget for 1976, the transition quarter, or 1977.

2. Subsidized Housing Mortgage Programs. Included in this category are tandem plans for mortgages insured under Section 221(d)(3), Rent Supplement, Section 236, Section 235 (old program), and Section 237. The program operates similarly to the program for mortgages for housing described above. GNMA purchase commitments are estimated at \$609,708,000 in 1976.

Mortgage Sales. In conduct of special assistance activities, mortgages are purchased and sold as noted above. In addition, mortgages held by GNMA in its portfolio may be sold from time to time.

Budget Program. Commitments of \$609 million are budgeted for 1976. No commitments are programmed for the transition quarter or 1977. These commitments are for programs already announced and are as follows:

SPECIAL ASSISTANCE FUNCTIONS PROGRAM ACTIVITY

	<u>FY 1975</u>		<u>FY 1976</u>	
	<u>UNITS</u>	<u>AMOUNT</u>	<u>UNITS</u>	<u>AMOUNT</u>
	(Dollars in Billions)			
Program for 200,000 units announced in January 1974.....	101,692	\$ 2.6	...	...
Program for 100,000 units announced in May 1974.....	100,000	2.9	...	...
Subsidized mortgage programs.....	<u>20,044</u>	<u>.4</u>	<u>27,714</u>	<u>\$.6</u>
Total.....	221,736	5.9	27,714	.6

EMERGENCY MORTGAGE PURCHASE ASSISTANCE

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)		
<u>Commitments:</u>				
Insured mortgages:				
Single family.....	\$ 998,586	...	...	...
Multifamily.....	...	\$3,000,000	...	...
Conventional mortgages:				
Single family.....	<u>4,935,603</u>	<u>2,000,000</u>	...	...
Total a/.....	<u>5,934,189</u>	<u>5,000,000</u>	...	...
<u>Mortgage Purchases:</u>				
Insured mortgages:				
Single family.....	185,323	811,000	...	...
Multifamily.....	...	...	...	\$220,000
Conventional mortgages:				
Single family.....	<u>422,096</u>	<u>2,480,000</u>	<u>\$1,600,000</u>	...
Total.....	<u>607,419</u>	<u>3,291,000</u>	<u>1,600,000</u>	<u>220,000</u>
<u>Mortgage Sales:</u>				
Insured:				
Single family.....	...	995,345	...	...
Multifamily.....	...	...	...	220,000
Conventional mortgages:				
Single family.....	...	<u>675,000</u>	<u>1,600,000</u>	...
Total.....	...	<u>1,670,345</u>	<u>1,600,000</u>	<u>220,000</u>
Portfolio, end of year.....	606,345	2,225,000	2,225,000	2,225,000
Budget Authority.....	6,000,000	4,750,000	...	...
Emergency Home Purchase				
Assistance Act of 1974...	(6,000,000)	(1,750,000)	...	...
Emergency Housing Act				
of 1975.....	(...)	(3,000,000)	(...)	(...)
Budget Outlays.....	504,168	1,762,838	143,814	28,210

a/ Total commitments include \$184,189 thousand reflecting the net use of recaptured authority derived from cancellations.

Emergency Mortgage Purchase Authority. The Emergency Home Purchase Assistance Act of 1974 (P. L. 93-449, October 18, 1974) added Section 313 to the National Housing Act by authorizing interim or standby authority to purchase mortgages until October 18, 1975. This authority could be utilized by the Secretary subsequent to her finding that inflationary conditions and related governmental actions or other economic conditions are having a severely disproportionate effect on the housing industry and that a resulting reduction in the volume of home construction or acquisition threatens seriously to affect the economy and to delay the orderly achievement of national housing goals. The Act authorized the purchase of conventional mortgages as well as mortgages insured by the Federal Housing Administration or the Veterans Administration.

HUD Budget Summary
Emergency Mortgage Purchase Assistance (cont.)

The \$7,750,000 authorized by the "Emergency Home Purchase Assistance Act", including \$5.0 billion for the purchase of conventional mortgages was fully released by June 24, 1975, and fully committed by August 1, 1975. This supported an estimated 275,000 units.

Emergency Housing Act of 1975. P. L. 94-50 (July 2, 1975) extended the mortgage purchase authority to July 1, 1976, and authorized an additional \$10 billion, subject to release in an appropriation act. The authority was broadened to include new and existing housing as well as cooperatives, condominiums and the individual units therein.

The 1976 Appropriation Act released mortgage purchase authority of \$5 billion, of which \$3 billion will be made available pursuant to a statutory finding by the Secretary. This amount will be used to assist the construction of an estimated 100,000 units of multifamily housing. The remaining \$2 billion will remain available to be used if economic conditions so warrant.

The current purchase authority, for commitments entered into after July 2, 1975, extends to the purchase of mortgages bearing a rate of 7-1/2 percent, or the current interest rate for FHA-insured Section 203(b)--single family--mortgages, whichever is less.

A single family mortgage must finance the acquisition of a one-to-four-family residence which will be the principal residence of the mortgagor and may not exceed a mortgage amount of \$42,000 per unit (except in Alaska, Hawaii and Guam where the limit is \$55,000). Mortgage amount limitations on conventional multifamily mortgages must be the lesser of the foregoing per unit amounts or the mortgage amounts applicable under FHA-insured Section 207 (rental housing), Section 213 (co-operative housing) or Section 234 (condominium projects.) Conventional mortgages require private mortgage insurance when the mortgaged amount exceeds 80 percent of the value of the multifamily structure.

Budget Authority. The budget includes \$3 billion in budget authority under the Emergency Housing Act of 1975. In this program budget authority does not actually become available until the necessary finding pursuant to the statute has been made by the Secretary.

MANAGEMENT AND LIQUIDATING FUNCTIONS

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)			
Mortgage purchases.....	\$6,831,923	...	...	...	...
Mortgage sales (gross).	3,046,158	...	...	...	...
Portfolio, end of period.....	436,171	\$382,615	\$346,713	\$339,913	\$317,113
<u>Budget Outlays</u>	-636,945	-61,648	-30,273	-7,500	-21,400

Under its Management and Liquidating Functions, GNMA is responsible for managing and liquidating the portfolio of mortgages acquired under contracts made prior to November 1, 1954, as well as any other mortgages and obligations that have been or that may be acquired pursuant to legislation enacted since that date. No mortgage purchases have been made since 1974 and none are planned for 1976, the transition quarter, or 1977.

Liquidation of the portfolio is accomplished primarily through regular principal repayments according to amortization schedules, as well as sales of mortgages in the open market. The last sale of mortgages was in 1973. No sales are planned for 1976, transition quarter, or 1977.

GUARANTEES OF MORTGAGE-BACKED SECURITIES

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
Guarantees issued					
in year.....	\$14,885,550	\$ 5,905,000	\$10,000,000	\$ 2,600,000	\$10,000,000
Guaranteed secur-					
ities outstand-					
ing, end of					
year.....	12,878,920	17,722,877	27,000,000	29,000,000	37,500,000
Income:					
Guarantee fees..	15,060	9,704	13,000	3,900	18,200
Interest and					
other.....	3,485	3,179	4,135	1,260	5,360
<u>Budget Outlays....</u>	-15,984	-9,723	-11,598	-3,390	-16,806

The Housing and Urban Development Act of 1968 authorized the Government National Mortgage Association to guarantee the timely payment of principal and interest on trust or other securities issued by the Federal National Mortgage Association, or other financial institutions approved for this purpose, and which are based on and backed by a trust or pool composed of FHA-insured or VA-guaranteed mortgages.

Application fees, guarantee and other charges are assessed issuers of guaranteed securities to cover costs incurred by GNMA in connection with the guarantees and to establish a reserve against possible future payments of claims under the guarantee. The Association may borrow from the Treasury as necessary to meet requirements of claims under the guarantee.

During 1975, GNMA issued guarantees on securities totaling \$5.9 billion. Of the \$5.9 billion, \$255 million were securities backed by FHA-insured and VA-guaranteed mortgages purchased pursuant to the Emergency Housing Act of 1975. Issuance of additional guarantees of mortgage-backed securities is estimated at \$10.0 billion in 1976, \$2.6 billion in transition quarter, and \$10.0 billion in 1977.

Amounts in excess of expenses are retained to cover future expenses and as a reserve against losses.

PARTICIPATION SALES PROGRAM

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)			
Sales authorized and sold.....	\$9,620,000	...	...	...	...
Certificates retired.....	5,250,000	\$ 110,000	\$ 80,000	\$ 35,000	\$ 377,000
Certificates outstanding, end of year.....	4,370,000	4,260,000	4,180,000	4,145,000	3,768,000
<u>Net Outlays</u>	-319,080	-4,676	532	10,419	275
<u>Appropriations for participation sales insufficiencies:</u>					
Annual definite appropriation for 1968 - 1969 sales..	244,517	22,883	20,935	5,291	21,265
Permanent indefinite appropriation for 1967 sales.....	82,165	4,679	4,848	1,453	4,835

Program Activity. Title III of the National Housing Act, as amended, authorized the Association, under its management and liquidating functions, to create trust or other fiduciary undertakings to facilitate the financing of mortgages and other loan obligations owned by government agencies. Under this authority, the Association created trusts providing for pools of these loan obligations and sold to private investors participations in the interest and principal collections on such obligations, in principal amounts not exceeding the unpaid principal amounts of the pooled obligations. The receipts from the participations sold were paid to the trustor agencies which own the pooled obligations. Based on the schedule for retirements--established when certificates are sold--it is estimated that participation certificates in the amount of \$377 million will be retired in fiscal year 1977.

Interest and principal payments derived from the pooled mortgages and loans are used by the trustee, along with appropriated funds when necessary, to pay the interest on the certificates and to provide for their redemption at maturity.

Insufficiencies. Appropriations are required to cover insufficiencies which result, principally, from the fact that interest rates on obligations placed in the pools are lower than the interest rates specified on participation certificates, and from administrative and other costs, net of investment income from the Trusts.

COMMUNITY DEVELOPMENT GRANTS

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Program Level (Obligations)</u>	\$1,972,008 ^{a/}	\$2,780,000	\$599,992	\$3,248,000
<u>Funds Available:</u>				
Direct appropriations.....	2,229,625	1,838,000	...	3,248,000
Urban renewal b/.....	197,000	...	...	...
Model cities b/.....	123,375	...	...	...
College housing c/.....	...	964,000	...	...
Total.....	2,550,000	2,802,000	...	3,248,000
<u>Distribution of Funds:</u>				
<u>Metropolitan Areas (SMSA)</u>				
Entitlement/hold harmless....	1,948,931	2,087,977	NA	2,392,147
Discretionary balances.....	54,642	91,623	NA	119,085
Subtotal, Metropolitan Areas.....	2,003,573 ^{d/}	2,179,600	NA	2,511,232 ^{e/}
<u>Non-Metropolitan Areas</u>				
Hold harmless.....	269,799	265,397	NA	259,649
Discretionary balances.....	199,694	254,003	NA	318,159
Subtotal, Non-Metropolitan Areas.....	469,493	519,400	NA	577,808
<u>Secretary's Discretionary</u>				
Fund.....	26,934	53,000	NA	58,960
<u>Urgent Needs Fund</u>	50,000	50,000	NA	100,000
Total.....	2,550,000	2,802,000	NA	3,248,000
<u>Budget Outlays</u>	38,081	750,000	400,000	1,600,000

(Footnotes on page CPD-4.)

The Budget for 1977 includes a request for an appropriation and approval of contract authority for the Community Development Block Grant program authorized by Title I of the Housing and Community Development Act of 1974 (P.L. 93-383). This request includes \$3,148,000,000 for release of and liquidation of contract authority and a \$100,000,000 special transition (Urgent Needs) appropriation.

Title I authorizes the Secretary to make grants to units of general local government and States for the funding of local community development programs. The new block grant program has replaced a number of separate categorical grant and loan programs. By statute, the program objective is the development of viable urban communities, including decent housing and a suitable living environment, and expanding economic opportunities.

HUD Budget Summary
Community Development Grants (cont.)

It is expected that these funds will provide assistance to over 4,500 recipients, including direct entitlement or hold harmless funding to over 1,300 communities.

Eligible Activities. A wide range of physical, economic, and social development activities are eligible for assistance under the 1974 act. Among the eligible activities are the acquisition and disposition of real property, construction of public facilities projects, rehabilitation of housing and business properties, and provision of a variety of public services.

Activities actually undertaken are on the basis of local priorities since the Federal Government does not prescribe how cities should use their grant funds. There is no State or local matching requirement for receipt of these funds.

Distribution of Funds. The 1974 Act provides, essentially, for the distribution of funds to eligible recipients for community development purposes utilizing an objective formula based on population, housing overcrowding, and the extent of poverty. Funds must be allocated between communities in metropolitan areas (SMSAs) and those in non-metropolitan areas. Within metropolitan areas "metropolitan cities" and "urban counties" are eligible for entitlement funding based on the criteria of the formula. A metropolitan city is the central city of a SMSA or any city of 50,000 population or more; and an urban county is any county within a SMSA which is authorized to undertake essential community development and housing assistance activities and has an eligible population of 200,000 or more, excluding the population of metropolitan cities.

In addition to the entitlement or basic grant amount which a metropolitan city or urban county is eligible to receive, a community may be eligible, also, for a "hold harmless grant" which represents a level of funding based on the extent of previous funding experience under the former categorical programs. Smaller communities are likewise eligible for hold harmless grants, when they have been prior participants in HUD's Model Cities, Urban Renewal, or Neighborhood Development programs.

Communities which are not eligible for entitlement or hold harmless funding may still apply for funding available out of metropolitan and non-metropolitan discretionary balances.

1977 Program. The amounts requested for 1977 would be distributed in the following manner:

1. Special Transition (Urgent Needs). As provided under Section 103(b) of the Act, \$100 million would be provided to meet urgent community development needs not adequately met during the change from categorical funding to that based on a formula.
2. SMSA Balance Set-Aside. \$200 million of the total available contract authority would be set aside pursuant to legislation amending Section 103(a)(2) of the Act to be used specifically in metropolitan areas in fiscal year 1977.
3. Secretary's Discretionary Fund. As provided by Section 107, 2 percent of the amounts available, after deducting the above, are available for certain discretionary purposes, such as support of innovative projects, assistance to new communities and emergency disaster needs. In fiscal year 1977, this would total \$58.9 million.

HUD Budget Summary
Community Development Grants (cont.)

4. Entitlement and Discretionary Balances. The remaining balance, \$2,889 million, would be distributed as required by the statutory formula in the Act, as follows:

- 80 percent would be distributed to SMSAs (Standard Metropolitan Statistical Areas);
- 20 percent would be distributed outside of metropolitan areas.

Within these categories, amounts would be distributed in 1977 as follows:

a. Metropolitan Areas - \$2,511.2 million

- Formula allocation to metropolitan cities and urban counties (as defined in the Act).
- "Hold harmless" requirements of metropolitan cities, urban counties, and other eligible applicants meeting the criteria set forth in the Act.
- Remaining funds to be distributed by the Secretary, in the manner prescribed in the Act, for discretionary use within SMSAs. It is estimated that \$119.1 million would be utilized from SMSA discretionary balance grants.

b. Non-Metropolitan Areas - \$577.8 million

- For grants to units of general local government, outside of metropolitan areas, to meet any "hold harmless" needs.
- Remaining funds to be distributed by the Secretary, in the manner prescribed by the Act, for discretionary use outside of SMSAs.

Obligation of Funds. The following table shows the distribution of program obligations by funding category:

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Metropolitan Areas (SMSA)</u>				
Entitlement/hold harmless.....	\$1,562,915	\$2,074,624	\$282,369	\$2,392,147
Discretionary balances.....	...	54,642	91,623	119,085
Subtotal, Metropolitan Areas..	1,562,915	2,129,266	373,992	2,511,232
<u>Non-Metropolitan Areas</u>				
Hold harmless.....	253,079	282,117	...	259,649
Discretionary balances.....	29,554	224,143	200,000	318,159
Subtotal, Non-Metropolitan Areas.....	282,633	506,260	200,000	577,808
<u>Secretary's Discretionary Fund.....</u>	4,000	49,934	26,000	58,960
<u>Urgent Needs Fund.....</u>	5,460	94,540	...	100,000
Subtotal.....	1,855,008	2,780,000	599,992	3,248,000
<u>Urban Renewal and Model Cities</u>				
<u>Program Commitments.....</u>	117,000	...	...	...
Total.....	1,972,008	2,780,000	599,992	3,248,000

HUD Budget Summary
Community Development Grants (cont.)

Status of Funds. The table below compares program obligations with funds available for distribution by fiscal year:

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
	(Dollars in Thousands)			
Unobligated balance, start of year.	...	\$ 577,992	\$ 599,992	...
New funds available.....	\$2,550,000	2,802,000	...	\$3,248,000
Total available.....	2,550,000	3,379,992	599,992	3,248,000
Obligations.....	-1,972,008	-2,780,000	-599,992	-3,248,000
Unobligated balance, end of year...	577,992	599,992	...	...

The difference between amounts available and obligations are related directly to the program funding cycle. During fiscal years 1975 and 1976 obligations are being made essentially during the last quarter of the fiscal year. Amounts not obligated are carried forward for use during the next fiscal period. With the change in the start of the fiscal year beginning in 1977, it is anticipated that all funds available for distribution during fiscal year 1977 will be obligated during the same year.

a/ Includes \$117,000 thousand of Urban Renewal and Model Cities program commitments out of 1975 appropriated funds.

b/ Pursuant to Section 116 of P.L. 93-383, Urban Renewal and Model Cities appropriations enacted during 1975 are counted in the total for formula distribution purposes. Uncommitted balances in these programs as of January 1, 1975, were transferred to the Community Development Block Grant program as follows (dollars in thousands):

	1975	1976
Urban Renewal.....	\$149,363	...
Model Cities.....	53,200	\$811
Total...	202,564*	811

* Total does not add due to rounding.

c/ The unexpended balance of college housing program budget authority was transferred to the Community Development Block Grant Program pursuant to the HUD 1976 Appropriations Act (P.L. 94-116).

d/ Includes \$21.0 million of the Secretary's Discretionary funds which was required to fund all eligible formula/hold harmless recipients within metropolitan areas during 1975.

e/ Assumes enactment of legislation to provide \$200 million set-aside under Section 103(a)(2).

COMPREHENSIVE PLANNING GRANTS
(Section 701)

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Program Level:</u>					
<u>Grant reservations</u>					
<u>(net)</u>	\$609,706	\$ 99,014	\$ 76,280	...	\$ 25,000
 <u>Appropriation (Budget</u>					
<u>Authority)</u>	610,000	100,000	75,000	...	25,000
 <u>Budget Outlays</u>	479,902	96,883	110,000	\$25,000	75,000

The Budget proposes an appropriation of \$25 million for fiscal year 1977 for planning and management assistance. Authorizing legislation will be required to support the proposed appropriation.

Section 701 of the Housing Act of 1954, as amended, authorizes grants to support State and local comprehensive planning and management programs concerned with urban and rural development. The Housing and Community Development Act of 1974, as amended, requires that grant recipients carry out land use, housing, environmental protection, citizen involvement and equal opportunity planning activities. Assistance may be provided to States, municipalities, areawide planning organizations, and Indian tribes. The Federal grant may cover up to two-thirds of the project cost.

In fiscal year 1977, it is proposed that the Section 701 program be funded at a \$25 million level. These funds will be used in support of the OMB Circular A-95 review and comment process and to assist communities in developing their "housing assistance plans" to meet the requirements of Title I of the Housing and Community Development Act of 1974. In addition, communities receiving block grant assistance under the 1974 Act will be allowed to use block grant funds for planning in 1977 and future years.

<u>CUMULATIVE</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>TRANSITION</u>	<u>ESTIMATE</u>
<u>6/30/74</u>	<u>1975</u>	<u>1976</u>	<u>QUARTER</u>	<u>1977</u>
(Dollars in Thousands)				

- a/ Represents estimated loan reservations through December 31, 1975.
- b/ Rescission No. R76-28 sent to the Congress by the President on January 6, 1976.
- c/ Outlay estimate shown for the transition quarter is to August 22, 1976. Outlays for remainder of the transition quarter as well as outlays for fiscal year 1977 are included under the Revolving Fund (Liquidating Programs).

Section 312 of the Housing Act of 1964, as amended, authorizes the Secretary to make loans for the rehabilitation of residential and business properties. Pursuant to Title I of the Housing and Community Development Act of 1974, the authority to make loans expires August 22, 1976. Activities which have been eligible under the Rehabilitation Loan program are also eligible, at the discretion of the grant recipient, under the Community Development Grant program, as authorized by the 1974 Act.

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OTHER COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

Program Terminations. Title I of the Housing and Community Development Act of 1974 (P.L. 93-383) provided for the termination of the following programs, effective after January 1, 1975:

Urban Renewal Programs (Title I of the Housing Act of 1949)

Model Cities Programs (Title I of the Demonstration Cities and Metropolitan Development Act of 1966)

Open Space Land Programs (Title VII of the Housing Act of 1961)

Grants for Neighborhood Facilities (Section 703 of the Housing and Urban Development Act of 1965)

Grants for Basic Water and Sewer Facilities (Section 702 of the Housing and Urban Development Act of 1965)

Public Facility Loans Program (Title II of the Housing Amendments of 1955)

Except with respect to projects and programs for which funds have been previously committed, no new grants or loans can be made after January 1, 1975, in the above programs. However, most of the eligible activities under the terminated programs may be funded, at the option of the grant recipient, under the Community Development Block Grant program, as authorized by P.L. 93-383.

HUD Budget Summary
Other Community Planning and Development Programs (cont.)

Urban Renewal Programs

	CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)					
<u>Program Level - Net</u>		a/			
Grant Reservations..	\$13,529,633	\$ 44,039	\$ 11,464	...	...
<u>Budget Authority:</u>					
Uncommitted balance transferred to Community Develop- ment Block Grant program.....	NA	149,363	...	...	...
FY 1975 appropriation used through January 1, 1975...	NA	47,637	...	...	...
Total.....	NA	197,000	...	...	...
<u>Appropriation -</u>					
<u>Liquidation of Unfunded</u>					
<u>Contract Authority...</u>	...	...	702,493	\$300,000	\$1,000,000
<u>Budget Outlays:</u>					
Grants.....	8,530,665	1,376,465	1,375,000	300,000	1,000,000
Loans.....	81,223	-29,032	50,000	...	-25,000
Total.....	8,611,888	1,347,433	1,425,000	300,000	975,000

a/ Consists of \$47,637 thousand out of the 1975 appropriation and a net recapture of \$3,598 thousand from prior year funds.

Title I of the Housing Act of 1949, as amended, authorized Federal assistance to local public agencies for rehabilitation and/or acquisition, clearance, and redevelopment of slums and blighted areas. The program provided technical and financial resources to stimulate local programs of economic and social action to further the revitalizing of urban communities. With certain limited exceptions, Federal grants were for two-thirds of the net project cost.

Temporary loan assistance for planning, initial financing of projects under contract, and for other purposes has been available from a Treasury borrowing authority of \$1 billion. Most loans are obtained by borrowing on the private market and are repaid from the proceeds of land sales and from local and Federal cash grants. Loan activity will continue until all projects previously approved are complete.

No new budget authority is requested for fiscal year 1977. However, a permanent indefinite appropriation to liquidate prior unfunded contracts with localities is available.

HUD Budget Summary
Other Community Planning and Development Programs (cont.)

Model Cities Program

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Program Level</u>					
<u>(obligations)</u> ^{a/}	\$2,373,398	\$145,941	...	...	...
<u>Budget Authority:</u>					
Unobligated balance					
transferred to					
Community Develop-					
ment Block Grant					
program.....	...	53,200	...	...	...
Funds used in Model					
Cities program....	2,485,500	70,175	...	...	...
Total.....	2,485,500	123,375	...	...	...
<u>Budget Outlays</u> ^{a/}	1,968,713	344,588	\$206,009	...	...

^{a/} Excludes \$24,475 thousand for administrative expenses.

^{b/} In FY 1976 an additional \$811 thousand was transferred to the Community Development Block Grant program out of funds recaptured subsequent to January 1, 1975.

The Model Cities Program was authorized by Title I of the Demonstration Cities and Metropolitan Development Act of 1966, as amended. The program was designed as a demonstration of the value of coordinated and comprehensive local use of Federal, State and other existing grants, supplemented by additional general purpose grant funds made available under the Act, and new techniques of grant management.

Other Community Development Programs. Section 117(b) of the Housing and Community Development Act of 1974 authorized the Secretary to transfer the assets and liabilities of the following terminated programs into the Revolving Fund (Liquidating Programs) which was established pursuant to Title II of the Independent Offices Appropriation Act of 1955 (P.L. 81-428).

HUD Budget Summary

Other Community Planning and Development Programs (cont.)

On April 1, 1975, unobligated balances in the amount of \$622.8 million were transferred to the Revolving Fund as follows:

	Amount (thousands)
Open Space Land Programs.....	\$ 30,525 ^{a/}
Grants for Neighborhood Facilities.....	2,403
Grants for Basic Water and Sewer Facilities.....	404,914
Public Facility Loans Program:	
Unutilized Treasury borrowing authority.....	214,500
Unfunded loan obligations.....	-30,607
Unobligated loan reservations.....	1,077
Subtotal, Public Facility Loans.....	<u>184,970</u>
Total.....	622,812

^{a/} In addition, \$37 million was transferred to the Disaster Assistance Fund pursuant to P.L. 92-383.

Of the above amounts, \$600 million has been accounted for as follows:

- the \$214.5 million of unutilized Treasury borrowing authority in the Public Facility Loan program lapsed subsequent to the transfer during fiscal year 1975; and
- the outstanding balance owed to Treasury under the Public Facility Loan Fund (\$385.5 million) was repaid early in fiscal year 1976.

The balance of the funds will be used either to meet requirements for transfer to the Participation Sales Fund for redemption of outstanding certificates or to meet other obligations of the Revolving Fund.

The following obligated balances were transferred, also, to the Revolving Fund on April 1, 1975:

	Amount (thousands)
Open Space Land Programs.....	\$158,976
Grants for Neighborhood Facilities.....	66,765
Grants for Basic Water and Sewer Facilities.....	217,802
Public Facility Loans Program.....	<u>40,008</u>
TOTAL	483,551

Of these obligated balances, \$68,614 thousand was disbursed subsequent to the transfer during fiscal year 1975. It is estimated that all remaining balances will be disbursed by the end of fiscal year 1977.

NEW COMMUNITIES FUND

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Guarantees for Financing</u>					
<u>New Communities</u>					
Commitments offered (net):					
New Commitments					
Number.....	14	...	...	...	...
Amount.....	\$325,500	...	...	...	...
Amendments to pre- vious commitments					
Number.....	1	1	3	...	...
Amount.....	\$ 11,000	\$17,500	\$43,000	...	...
Guarantees issued,					
Amount.....	252,500	21,000	62,500	...	\$17,300
<u>Administrative Expenses</u> ^{a/}	...	2,700	2,896	\$ 765	2,940
<u>Interest payments on</u> <u>new communities de-</u> <u>bentures</u>.....	...	5,847	14,260	4,584	18,886
<u>Budget Outlays</u> (net)...	-12,130	6,566	15,818	5,584	25,446
<u>Budget Authority-</u> <u>authority to spend</u> <u>public debt receipts.</u>	...	...	11,352	5,830	25,452

^{a/} Prior to 1975, expenses of administering the New Community Assistance Programs were funded through appropriations. Since then, the administrative expenses have been paid from the New Communities Fund.

Title IV of the HUD Act of 1968, as amended, and Title VII of the HUD Act of 1970, as amended, authorized a program of guarantee assistance to private and public new community developers.

HUD (through the New Community Development Corporation) is authorized to guarantee obligations issued by new community developers and State land development agencies for the purpose of financing acquisition and development of real property, pursuant to the new community programs approved by the Secretary.

The Act stipulates that the amount of the guaranteed loan to a developer shall: in the case of a private new community developer, not exceed the sum of 80 per centum of the Secretary's estimate of the value of the real property before development and 90 per centum of his estimate of the actual cost of land development; or in the case of a public development agency, not exceed 100 per centum of the sum of the Secretary's estimate of the values of the real property before development and his estimate of the actual cost of land development. The amount guaranteed may not exceed \$50 million for a single project at any one time. Aggregate principal obligations guaranteed may not exceed \$740.5 million.

HUD Budget Summary
New Communities Fund (cont.)

No new guarantee commitments are anticipated in fiscal year 1976, the transition quarter, or in fiscal year 1977. Three additional guarantee commitments for existing approved projects are projected at \$43 million in fiscal year 1976. No additional guarantee commitments are anticipated through the transition quarter and fiscal year 1977.

The New Communities Administration is attempting to assist existing new communities which are facing short term cash flow problems but which show long term viability by forbearance with respect to interest payment. Under this approach, the Department agrees to forebear from resorting to the remedies available to it in the event that a new community developer does not make an interest payment that he is contractually obligated to make. These forbearance arrangements will be embodied in formalized agreements which are normally for a period of three to five years.

Program outlays, of which the largest amount is interest payments made by the New Community Development Corporation on behalf of New Community Developers, will be financed largely through borrowings from the U.S. Treasury.

Other Assistance. The legislation authorizes grants to States or local public bodies to supplement public facilities grants provided to new community projects under other Federal programs. Approximately \$2 million of unused grant funds are being used in 1976.

Title I of the Housing and Community Development Act of 1974 also provides that Secretarial discretionary funds under the Community Development Grant program may be used for New Communities and a portion of such funds are expected to be used for this purpose in 1976 and 1977.

CUMULATIVE 6/30/74	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
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(Dollars in Thousands)

Riot reinsurance premiums.....	\$79,382	\$1,270	\$1,200	\$400	\$1,200
Investment income.....	23,645	5,943	6,500	1,625	6,500
Riot reinsurance claims incurred.....	10,481	90	500	125	500
Administrative expenses...	2,144	286	452	105	468
Budget Outlays.....	-90,752	-5,844	-6,625	-1,770	-6,620

The Federal Government, in return for a reinsurance premium, provides excess loss reinsurance to participating companies and an opportunity to spread the risk of loss from riots or civil disorders on a nation-wide basis, and provides an ultimate financial backstop through the Federal Treasury. Reinsurance contracts are renewed each May 1. Currently, some 440 companies, or 169 insurance groups, are under contract.

National Insurance Development Fund. This fund, established under the basic statute, is credited with all premium income, interest income, and other receipts. It is available for payments to reinsured companies and for administrative expenses and studies. The estimated retained earnings are expected to be approximately \$93 million at the end of fiscal year 1977. A borrowing authorization of \$250 million is available and provision is also made for the appropriation of funds, if necessary. The Fund also provides for financing for the Crime Insurance Program (see page FIA-3).

FIA-1

CRIME INSURANCE PROGRAM
(National Insurance Development Fund)

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
Program Level:					
Number of policies written.....	43,094	23,904	26,700	6,900	30,700
Premiums earned..... \$	3,787	\$ 2,909	\$ 3,164	\$ 877	\$ 3,855
Insurance losses.....	5,224	5,476	6,328	1,754	7,710
Operating expenses....	2,211	1,234	1,155	300	1,200
Administrative expenses	449	126	113	26	124
Studies and surveys...	249	...	100	25	100
Budget Outlays.....	2,829	3,494	4,091	1,157	4,862

Title VI of the Housing and Urban Development Act of 1970 amended the National Insurance Development Program to authorize a program of crime insurance in any State in which there is a critical problem of availability of crime insurance and in which the State and private industry have not taken steps to provide a suitable program at affordable rates.

Nature of the Program. As authorized by the statute, insurance covering burglary and robbery is issued through the private insurance marketing system and written at a rate which would permit its purchase by a reasonably prudent person with due regard to the costs and benefits involved. Policies include appropriate deductible provisions and are available only on properties that meet underwriting requirements, including reasonable protective devices to prevent or reduce loss.

Policyholders pay the same premium rate in any part of a Standard Metropolitan Statistical Area, based upon: (1) the crime rate for the area, as reported by the Federal Bureau of Investigation; (2) the nature of the risk, either residential or commercial; and (3) the annual gross receipts in the case of a commercial enterprise. Federal policies are marketed through the facilities of licensed property insurance agents and brokers and issued through private companies acting as fiscal agents of the Government.

Insurance Operations. As of January 1, 1976, Federal crime insurance was available in seventeen States (including the District of Columbia). The budget assumes that about 27,000 policies will be issued in 1976 and about 31,000 in 1977. Operating expenses shown above include fees to private companies acting as fiscal agents and commissions to insurance agents and brokers based upon costs prescribed in competitively awarded contracts. Crime insurance losses shown above for 1976 and 1977 are based on an anticipated loss of approximately 200 percent of the earned premium. This loss ratio is high because insurance is written at affordable rates on risks normally shunned by the private insurance industry. Net operating losses are being funded on an interim basis from the reserves of the Riot Reinsurance Program, and will be reimbursed at a later date from either program operations or appropriations.

Existing legislation prohibits new insurance contracts after April 30, 1977. Legislation will be proposed to extend this date.

NATIONAL FLOOD INSURANCE PROGRAM

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Program Levels:</u>					
Communities eligible..	4,089	9,625	14,500	15,200	17,000
Policies in force, end of year:					
Number.....	385,478	539,888	971,798	1,214,744	1,700,645
Amount.....	\$8,463,083	\$13,700,000	\$24,300,000	\$30,400,000	\$44,000,000
Flood Insurance claims.....	59,589	37,661	51,519	15,799	102,302
Insurance under- writing expenses....	9,670	7,964	15,008	3,453	18,662
<u>Budget Authority:</u>					
<u>Appropriations:</u>					
Administrative expenses.....	5,337	3,800	4,961	1,323	...a/
Studies and surveys.	39,591	46,200	70,039	17,427	100,000
Total appropriation	44,928	50,000	75,000	18,750	100,000
Authority to spend public debt receipts	500,000	...	...	...	...
<u>Budget Outlays</u>	77,553	44,208	127,823	38,750	200,866

a/ In 1977, it is proposed that administrative expenses be included with the appropriation, "Salaries and Expenses, HUD." \$7,575 thousand is included within that account for this purpose.

The budget for 1977 proposes an appropriation of \$100,000,000 for studies and surveys necessary for the conduct of the National Flood Insurance Program.

Program Description. Title XIII of the Housing and Urban Development Act of 1968, as amended, authorizes the establishment of a National Flood Insurance Program to enable persons to purchase insurance against loss resulting from damage to real or personal property arising from floods and similar occurrences, and to promote the wise management of flood-prone areas.

The insurance program is undertaken cooperatively between the Federal Government and an association of private property insurance companies known as the National Flood Insurers Association (NFIA). Coverage for all types of properties is sold and serviced by NFIA and is available through the facilities of licensed insurance agents and brokers in communities found eligible by the Federal Insurance Administration.

In order for a community to become eligible, the appropriate local public body must adopt adequate flood plain management measures consistent with established criteria. No Federal or federally-related financing (other than conventional mortgage loans for the acquisition of completed and occupied

HUD Budget Summary
National Flood Insurance Program (cont.)

residences until March 1, 1976), will be available for the acquisition or construction of buildings in identified areas of special flood hazard in a community that has failed to qualify under the Flood Insurance Program by its required deadline, which is one year from its date of identification as an area having special flood hazards. Since March 2, 1974, participating communities must purchase flood insurance in order to be eligible for federally-related financing.

Regular Program. The program authorized by the 1968 Act envisions the study of each area in which flood insurance is made available in order to determine the insurance premium rates which would be required--on a sound actuarial basis--to pay all expenses and losses over a reasonable period of years. As a basis for the establishment of such rates, contracts are entered into with other Federal agencies (Corps of Engineers, U.S. Geological Survey, etc.) or with qualified private firms to develop data, such as flood-frequency and depth-damage relationships, necessary for setting actuarially sound premium rates. The requested appropriation is for this purpose.

To make flood insurance available at reasonable rates to owners of property constructed before December 31, 1974, or the date of the initial rate map for the area, whichever is later, a reduced premium rate (25¢ to 75¢ per \$100 of coverage, depending upon the nature of the risk) is charged for the first \$35,000 of coverage of single-family structures and \$10,000 of their contents (higher limits apply to other properties). A second layer of insurance coverage is also available at full actuarial rates. Construction or substantial improvement of buildings in identified special flood hazard areas after December 31, 1974, or the date of the flood insurance rate map, if later, may be insured only at full actuarial rates.

As losses and expenses occur, the Federal Government under an agreement with NFIA makes premium equalization payments based upon formulas to provide for the subsidy to reduce rates on existing properties. Funds held by NFIA, after provision for operating allowances in accordance with law, are held in trust for future use.

Emergency Program. Pursuant to the Housing and Urban Development Act of 1969, as amended, flood insurance may be made available until December 31, 1976, for participating areas prior to establishment of actuarial rates. Flood plain management measures are required under the emergency program, but flood insurance is available only up to the first layer of coverage. The Federal share of losses and expenses has been almost 90%, with the insurance industry accepting the rest.

Treasury Borrowing Authority. The Secretary is authorized to borrow from the Treasury up to \$500 million, which amount may be increased up to \$1 billion with the approval of the President and notification to Congress, for the purpose of carrying out the flood insurance program. It is estimated that \$327.4 million of this authority will have been obligated by September 30, 1977, for losses and operating costs resulting from making flood insurance available at a chargeable premium rate that is less than the actuarial premium rate. The use of borrowing is shown in the following table:

	ACTUAL 1975	ESTIMATE 1976 (Dollars in Thousands)	TRANSITION QUARTER	ESTIMATE 1977
Authority available, start of period	\$433,942	\$388,419	\$319,585	\$299,085
Authority used in period.....	45,523	68,834	20,500	126,495
Authority available, end of period..	388,419	319,585	299,085	172,590

INTERSTATE LAND SALES REGISTRATION

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
		(Dollars in Thousands)			
Number of filings.....	18,731	4,380	4,900	1,225	5,300
<u>Budget Authority:</u>					
Fees (Permanent indefinite appropriation).....	\$3,553	\$415	\$400	\$100	\$450
<u>Budget Outlays</u>	4,845	1,831	450	100	450

The Interstate Land Sales Full Disclosure Act (Title XIV of the Housing and Urban Development Act of 1968) authorizes a nationwide program of registration of subdivisions offered for sale in interstate commerce. The Act generally applies, by law and administrative regulation, to all subdivisions of undeveloped land containing 50 or more lots, less than 5 acres in size, sold or offered for sale or lease through any facilities of interstate commerce. Safeguards for consumers are provided through statutory and regulatory penalties imposed upon developers who fail to file and keep a registration statement current with the Office of Interstate Land Sales Registration or who fail to furnish each purchaser with a copy of an approved Property Report at the specific time.

The Act provides for submission of a Statement of Record describing a proposed subdivision in detail, accompanied by maps, contract documents, and certifications designed for the protection of purchasers and lessors of lots. Each prospective purchaser must be furnished with a Property Report containing much of the same data which appears in the Statement of Record.

Since the statute is consumer-protection oriented, the Office concentrates on securing full disclosure of pertinent facts and enforcing penalties of the Act. During 1973, revised regulations strengthening disclosure requirements were published, including standards for advertising.

The Secretary is authorized to charge a fee, not exceeding \$1,000 to be paid by a developer and used to pay costs of rendering service under the Act. Since income from fees are insufficient to fund the full administrative costs of the program, appropriated funds are used to supplement the fee income. The total cost for administering the program in 1975 was \$2,505,000, and the estimated costs are \$3,247,000 in 1976, \$859,000 during the Transition Quarter and \$3,298,000 in 1977.

POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
<u>Program Level: Contract</u> <u>and grant obligations.....</u>	\$56,623	\$61,881	\$15,500	\$71,000
<u>Appropriation (Budget Authority).</u>	65,000	53,000	15,500	71,000
<u>Budget Outlays.....</u>	52,332	57,000	19,000	67,100

Legislative Authority. Title V of the Housing and Urban Development Act of 1970, as amended, authorizes and directs the Secretary to undertake programs of research studies, testing and demonstrations relating to the mission and programs of the Department. This includes encouraging and promoting the acceptance and application of advanced technology, methods, and materials by the housing and community development industries, communities, and the general public. Dissemination of significant reports, data and information to interested governmental agencies and the public is performed.

Goals of the Research Program. The HUD research program is concerned with stimulating innovation and improvement in housing and community development programs, systems and technology. The program seeks to involve and work with other concerned Federal agencies, State and local government officials, private organizations, universities, community groups, and individuals in the identification of solutions to pressing national problems. This is done by conducting research, demonstrations and evaluations which provide a better understanding of current and projected housing and community development processes and which develop, test, and publicize alternate methods for consideration and use by the Department, other government elements, industry and the public. The program is a national focal point for such research and provides a central point for research analysis, data collection and dissemination, thereby avoiding duplication of effort and ensuring that all resources are most effectively used.

Major Program Activities. Major program areas, including those proposed for 1977 are as follows:

	<u>Actual</u> <u>1975</u>	<u>Estimate</u> <u>1976</u>	<u>Transition</u> <u>Quarter</u>	<u>Estimate</u> <u>1977</u>
	(Dollars in Thousands)			
Housing assistance research.....	\$15,554	\$15,600	\$2,600	\$15,750
Housing safety and standards....	4,098	4,750	1,510	6,050
(Lead-based paint hazard elimination).....	(2,038)	(2,100)	(600)	(2,000)
Housing management and maintenance.....	4,080	3,400	600	4,900
Energy conservation and other housing research.....	3,992	6,410	2,100	7,700
Neighborhood preservation.....	4,040	4,600	1,100	6,500
Utility systems and other com- munity development research...	6,109	7,935	2,000	6,900
State and local government research.....	8,182	5,400	1,880	8,600
Data collection and analysis....	7,843	10,020	2,655	10,300
HUD program evaluation, dis- semination and research support.....	<u>2,725</u>	<u>3,766</u>	<u>1,055</u>	<u>4,300</u>
Total.....	56,623	61,881	15,500	71,000

HUD Budget Summary
Policy Development and Research (cont.)

1. Housing Assistance Research. This program area is concerned with the development and testing of improved programs of assistance for low-income families. In 1977, the Experimental Housing Allowance Program will continue to test the feasibility of providing direct cash assistance to eligible families for their rental or homeownership payments. The experiments, conducted at twelve sites and involving up to 24,000 families, have been designed to test how families use their assistance, how the housing market responds, and how such a program can be administered. Research is also continuing to define options and to assess relative benefits and costs of a national direct cash assistance program. Research was started in 1976, in support of the implementation and operation of the Lower-Income Housing Assistance (Section 8) program established by the Housing and Community Development Act of 1974. This research seeks to assess the program's effectiveness, and to develop improved administrative mechanisms and program structure.

2. Housing Safety and Standards. This research is intended to test and evaluate specific means and to determine appropriate standards to reduce personal and financial risks to building and mobile home occupants and owners without prohibitively increasing costs. Examples include: better means for the detection and removal of the hazard of lead-based paint; design methods which increase residential fire safety; designs and standards for housing in natural disaster situations; development of test methods and standards to determine the integrity and durability of housing components and systems; and development of systems and techniques for improving residential and neighborhood security. Studies will continue in 1977 aimed at improving the safety and durability of mobile homes, including fire safety, wind upset resistance and accident reporting.

3. Housing Management and Maintenance. Research will continue on ways to reduce costs and improve maintenance and tenant services in public and private multifamily housing. Major emphasis in 1977 will be on the promotion of widespread utilization by housing authorities and private managers of previously developed and proven management improvement methods. Concurrently, work will continue on ways to control increases in Federal operating subsidies to public housing authorities by providing incentives for cost-effective management. Also continuing will be efforts directed at the "professionalization" of housing management, including establishment of accredited college and university training programs.

In 1977, research in housing maintenance and rehabilitation will focus on new techniques which encourage efforts to maintain and improve the existing housing stock. The work will include identifying new materials and advanced methods for use in performing various levels of repair and renovation.

4. Energy Conservation and Other Housing Research. This research seeks to promote the conservation of material and energy resources in the construction and operation of housing. Program activities include encouraging the development and use of new designs, materials and standards which reduce energy consumption, conserve scarce materials and lower the costs of housing. The national residential solar energy demonstration program is being carried out in cooperation with the Energy Research and Development Administration.

Other programs addressing national housing concerns include: research for use in formulating policy and programs to achieve fair housing and equal opportunity; research and demonstrations to improve the housing of such special user groups as the elderly and the handicapped; research into housing market operations, consumer assistance, and housing supply and financing.

5. Neighborhood Preservation. Research is conducted to develop methods for use by communities and the private sector to eliminate or prevent slums, blight and deterioration. Continuing, in 1977, is a 22 city experiment in urban home-steading as a device to preserve ailing urban neighborhoods. Also continuing are analyses to identify the key factors in neighborhood decline, demonstrations of

how declining neighborhoods can be revitalized through partnerships of local residents, financial institutions and local government, and the development and dissemination of user oriented products of effective and promising preservation programs and analytic aids. Related efforts are concerned with the prevention and treatment of mortgage defaults and with the disposition of acquired properties in ways that improve neighborhood stability and reduce mortgage credit risk.

6. Utility Systems and Other Community Development Research. This continuing work involves promoting the development and use of more efficient utility and waste handling systems to conserve fuel energy and other natural resources while protecting the environment. Integrated utility system activities include demonstrating the technical and economic feasibility of single plan packaging of utility services to serve communities of limited size while also offering fuel savings of about 30 percent.

Other community development research includes: development of improved methods for controlling the environmental impact of HUD programs and of community development while also facilitating development; improving the design quality of the man-built environment; identifying and understanding patterns of national and community growth; and the development of community and economic growth strategies for local use.

7. State and Local Government Research. This research is conducted to assist State and local governments develop and adopt improvements which increase their management capabilities, improve public service delivery and productivity, and encourage better utilization of Federal program funds, including shared revenues and Community Development block grants. This includes: encouraging the development of more relevant training for public officials and the application of university resources in local government problem solving; developing management tools for use by local government in allocating resources and measuring their own performance; testing of alternative taxation and revenue management mechanisms; investigating land use control systems, including their equity and effects on development; analyzing changes to organizational structures and authorities; demonstrating advanced public service delivery methods; and assistance in computerization and integration of local government operations.

8. Data Collection and Analysis. This activity provides economic data essential to HUD policy and program development and evaluation, as well as to other public and private decision makers. Examples of work continuing in 1977 include collection and analysis of data relative to new home sales, market absorption of new rental units, and mortgage lending activities by both public and private institutions. The largest single project in this area is the Annual Housing Survey, undertaken to measure changes in housing inventory and to compile data, in both urban and rural areas, on the physical condition of housing units, the neighborhoods in which they are located, and the characteristics of the occupants.

9. HUD Program Evaluation, Dissemination, and Research Support. Evaluation of HUD programs involves the development of information about the costs, impact, equity and effectiveness of programs in achieving their goals. Program evaluation provides a basis for improving program management, developing new program directions and providing a sound basis for new policy formulation. Some of the studies which will be continuing in 1977 include evaluations of the impact of the Community Development block grant program and of certain aspects of the unsubsidized FHA programs.

Dissemination and transfer activities are intended to foster the adoption of HUD-sponsored research results, including new techniques, methods or programs, by potential external users, in both the public and private sectors. Dissemination efforts are designed to inform various audiences, e.g., builders, local government officials, and homeowners of HUD research products. Transfer efforts support, coordinate and facilitate user adoption of HUD research products. These activities will be expanded in 1977.

FAIR HOUSING AND
EQUAL OPPORTUNITY

FAIR HOUSING AND EQUAL OPPORTUNITY

	<u>ACTUAL 1975</u>	<u>ESTIMATE 1976</u>	<u>TRANSITION QUARTER</u>	<u>ESTIMATE 1977</u>
<u>Complaint Receipts:</u>				
Title VIII (Fair Housing)...	3,167	3,835	960	5,000
Title VI (Equal Opportunity- Assisted Programs).....	265	320	80	320
Executive Order 11246 (Employ- ment Opportunities).....	75	200	65	300
<u>Compliance Reviews (Title VI).</u>	196	600	150	600

Beginning in fiscal year 1977, costs for administering this program will be provided under the proposed new account "Salaries and Expenses, HUD." On a comparable basis, costs for administering the program were \$11,417,000 in 1975; estimated costs are \$12,216,000 in 1976, \$3,025,000 in the transition quarter, and \$11,936,000 in 1977. The higher cost in fiscal year 1976 results from additional temporary personnel brought on board for special task force and mission assignments such as evaluating State and local agencies for substantial equivalency and assisting in the processing of complaints.

The Assistant Secretary for Fair Housing and Equal Opportunity administers programs in five major areas of responsibility:

1. Fair Housing. Title VIII of the Civil Rights Act of 1968 prohibits discrimination on the basis of race, sex, color, religion, or national origin in the sale, rental, provision of brokerage services or financing of housing. Under Executive Order 11063, discrimination is prohibited in the sale or rental of housing and related facilities assisted by Federal funds or insurance because of race, color, creed, or national origin. As amended, the Act requires every person making mortgage loans secured by residential property to consider the combined income of husband and wife without prejudice in extending mortgage credit for a federally related loan.

Under these authorities, the Department carries out a vigorous program of complaint investigation and conciliation, makes equivalency determinations that State and local fair housing laws are consistent with Federal standards; encourages voluntary affirmative action programs to stimulate real estate and related industries; and conducts a fair housing advertising and education campaign.

2. Assuring Equal Opportunity in HUD-Assisted Programs. Title VI of the Civil Rights Act of 1964 provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

Under Section 109 of the Housing and Community Development Act of 1974, applicants for community development block grants are required to certify that they will administer their programs and activities in an affirmative manner to further the national policy of fair housing. Consequently, emphasis on compliance in community development programs and activities will be placed on stimulating voluntary compliance, conducting selected formal compliance reviews, and providing technical assistance to recipients of community development block grant funds.

HUD Budget Summary
Fair Housing and Equal Opportunity (cont.)

3. Providing Training, Employment and Business Opportunities for Residents of HUD Project Areas. Section 3 of the Housing and Urban Development Act of 1968 requires that the Department, to the greatest extent feasible, establish opportunities for low income persons and business concerns located in or owned in substantial part by persons residing in areas assisted by HUD programs.

In addition, pursuant to Executive Order 11625, as amended, the Assistant Secretary is responsible for liaison with the Office of Minority Business Enterprise and for coordination of the Department's efforts to encourage minority business participation.

4. Ensuring Minority Employment Opportunity under HUD Direct and Assisted Contracts. Executive Order 11246 as amended by Executive Order 11375, prohibits employment discrimination on the basis of race, creed, color, sex, or national origin, by all Federal and federally-assisted contractors and subcontractors. Major activities of the Contract Compliance Program include the receipt, investigation, and resolution of complaints and the conduct of compliance reviews of individual contractors and communitywide craft-by-craft reviews. Emphasis is being placed on cooperative efforts with cities, representatives of labor, industry, and local communities to promote voluntary affirmative action plans to increase minority training and employment opportunities.

5. Affirmative Action in HUD Employment. Executive Order 11478 prohibits the denial of equal employment opportunity in the Federal Government because of race, color, religion, sex or national origin. In conformance with this policy, the Department, through its affirmative action program, seeks to prohibit discrimination in all aspects of its personnel policies, programs, practices, and operations.

DISASTER RELIEF(FUNDS APPROPRIATED TO THE PRESIDENT)

	<u>CUMULATIVE</u> <u>6/30/74</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)				
<u>Appropriation.....</u>	\$1,965,894	\$200,000	\$150,000	\$37,500	\$100,000
<u>Budget Outlays.....</u>	1,460,537	205,858	250,000	55,000	250,000
<u>Number of Disaster</u>					
<u>Declarations.....</u>	444	28	46	11	46

Disaster Relief Act of 1974. Federal disaster assistance is a nationwide program operated pursuant to the Disaster Relief Act of 1974 (Public Law 93-288). This Act provides for a comprehensive program of assistance to individuals, businesses and State and local governments affected by major disasters. It also provides for Federal aid in emergency situations--those in which there is a requirement for assistance which the Federal Government has a unique capability to provide. Additionally, the Act authorizes one-time, non-matching grants to States for the purpose of developing plans, programs, and capabilities for disaster preparedness and prevention, and annual matching grants for improving, maintaining and updating the plans.

Federal Disaster Assistance Administration. Responsibility for administration of the disaster relief program has been delegated to the Secretary of HUD by Executive Order 11795, effective July 11, 1974. Most of the Secretary's authority has been redelegated to the Administrator of the Federal Disaster Assistance Administration (FDAA), which has a permanent staff located in Washington and in the ten HUD Regional Office cities.

Disaster Declarations. FDAA is responsible for making recommendations to the Secretary and the President, upon request by the Governor of an affected State, as to whether or not an occurrence is of such a nature as to warrant its declaration by the President as a major disaster or an emergency. Such a declaration makes the affected State and local governments and individuals eligible for supplemental Federal assistance which is provided from the President's Disaster Relief Fund.

In the disaster area, FDAA coordinates the efforts of other Federal agencies in providing assistance under Public Law 93-288 or under their own disaster-related legislative authorities. This coordination includes the provision of temporary housing by HUD.

During fiscal year 1975, the President declared 28 major disasters in 18 States and three Territories. In addition, the President declared 11 emergencies, two of which were subsequently declared major disasters and are included in the 28 declaration total.

FDAA is currently administering over 170 disaster and emergency agreements with over 40 States and Territories. Total Federal funds obligated under these agreements exceed \$1.4 billion.

SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)				
<u>Administrative Expenses:</u>				
Salaries and Expenses, Housing and Urban Development.....	\$160,602	\$172,178	\$43,471	\$201,442
Transfers from FHA Fund.....	204,730	215,802	54,297	223,630
Other Transfers:				
Federal Disaster Assistance Administration.....	5,967	6,259	1,634	6,619
Reimbursable Disaster Assistance.....	5,246	4,180	604	1,977
Transfer from Flood Insurance Appropriation.....	3,884	4,961	1,323	a/
Interstate Land Sales Registration fees.....	1,743	450	100	450
Other fees and charges.....	10,295	8,882	2,279	5,000
Transfer from GNMA.....	991	1,393	362	1,361
Transfer from New Communities Fund.....	2,716	2,896	765	2,940
Less unobligated balance in 1975.....	-17,054	...	...	...
Total Obligations.....	379,120	417,001	104,835	443,419
Pay raise supplementals included above:				
Appropriated funds.....	...	(4,420)	(1,539)	...
Increase in FHA Fund transfers and GNMA limitation.....	...	(5,728)	(2,084)	...
Total Supplemental Requests.....	...	(10,148)	(3,623)	...

a/ Included in Salaries and Expenses, HUD, in 1977.

Staffing:

Total Full-Time in Permanent Positions (including Working Capital Fund).....	15,142	14,960	14,960	15,650
--	--------	--------	--------	--------

The Budget for 1977 proposes a new appropriation, "Salaries and Expenses, Housing and Urban Development", to provide for the Department's administrative expenses such as personnel costs, travel, office space rental, communication costs, supplies and equipment. The new appropriation will supplant the Administrative Operations Fund, which now is a consolidation of a number of appropriations and other funds into a single operating expenses account. Pursuant to 12 U.S.C. 1701(c)(3), the Secretary is authorized to consolidate all operating expenses into a single account, which provides for simplification of day-to-day financial operations and flexibility in the use of personnel to carry out the wide variety of Department programs. This also permits simplification of personnel, payroll, management and accounting procedures.

The new structure will not result in basic changes in the process of budget execution within the Department, nor any reductions in costs, but will permit further simplification through the reduction in individual "source fund" appropriations. The principal change from the previous structure under the

HUD Budget Summary

Salaries and Expenses, HUD (cont.)

Administrative Operations Fund will be that the following eleven source fund accounts will be eliminated:

- Salaries and Expenses, Housing Programs
- Salaries and Expenses, Community Planning and Development Programs
- Transfer for administrative expenses from Flood Insurance
- Interstate Land Sales
- Salaries and Expenses, Policy Development and Research
- Fair Housing and Equal Opportunity
- General Departmental Management
- Salaries and Expenses, Office of General Counsel
- Salaries and Expenses, Office of Inspector General
- Administration and Staff Services
- Regional Management and Services

The new consolidated account will continue to include transfers for operating expenses from the following accounts:

- Federal Housing Administration Fund administrative expenses
- Government National Mortgage Association administrative expenses
- Interstate Land Sales fees
- Other fees and charges
- National Insurance Development Fund (Riot Reinsurance and Crime Insurance)
- New Communities Fund
- President's Disaster Relief Fund for administrative expenses of the Federal Disaster Assistance Administration
- Reimbursable disaster assistance administrative expenses
- Miscellaneous administrative reimbursements

Structure of activities. The new account will also permit simplification in the presentation of the Department's administrative expenses budget. A major improvement will be the establishment within the consolidated account structure of three new activities pertaining to supporting services in the field: Legal Services, Field Direction and Field Administration. The content of these activities may be described as follows:

<u>New Budget Activity</u>	<u>Content</u>
Field Legal Services	Field legal staff, formerly included under the appropriation for Regional Management and Services (RM&S).
Field Direction	Regional Administrators and their immediate staffs (formerly under RM&S); Area and Insuring Office Directors and their immediate staffs, formerly included within operating expenses for Housing Production and Mortgage Credit, Housing Management, Community Planning and Development, and Fair Housing and Equal Opportunity programs.
Field Administration	Includes administrative staffs in Regional Offices, (formerly under RM&S); Area and Insuring Office administrative personnel, formerly included in the operating expenses for the four major programs identified above.

HUD Budget Summary
Salaries and Expenses, HUD (cont.)

Separating the budget activities for these supporting personnel from the major program functions will result in a better correlation between the remaining "direct" staff for each major program and the workload requirements on which that staffing is based.

Including the support activities above, the new appropriation will consist of 18 individual budget activities, 16 of which are for direct expenses and two for reimbursable obligations. The activities will correspond to the major component organizations of the Department and, with their related amounts, are as follows:

<u>Activity</u>	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
	(Dollars in Thousands)			
Housing Production and Mortgage Credit	\$107,912	\$110,097	\$26,755	\$116,107
Housing Management.....	62,862	75,352	18,992	84,433
Government National Mortgage Association	991	1,393	362	1,361
Community Planning and Development....	36,948	41,193	10,851	41,601
New Communities.....	2,716	2,896	765	2,940
Federal Insurance Programs.....	4,296	5,526	1,454	8,167
Interstate Land Sales Registration....	2,505	3,247	859	3,298
Policy Development and Research.....	5,405	6,262	1,690	6,740
Fair Housing and Equal Opportunity....	11,417	12,216	3,025	11,936
Departmental Management.....	5,318	5,617	1,395	5,815
General Counsel.....	5,314	5,323	1,337	5,462
Field Legal Services.....	7,690	8,008	2,036	8,130
Inspector General.....	10,476	11,752	3,061	12,432
Administration and Staff Services....	49,877	59,925	14,978	62,937
Field Direction.....	18,540	18,740	4,909	19,186
Field Administration.....	<u>35,640</u>	<u>39,015</u>	<u>10,128</u>	<u>44,278</u>
Total, Direct Costs.....	367,907	406,562	102,597	434,823
Federal Disaster Assistance				
Administration (Reimbursable).....	5,967	6,259	1,634	6,619
Disaster Assistance (Reimbursable)....	<u>5,246</u>	<u>4,180</u>	<u>604</u>	<u>1,977</u>
Subtotal.....	11,213	10,439	2,238	8,596
GRAND TOTAL.....	<u>379,120</u>	<u>417,001</u>	<u>104,835</u>	<u>443,419</u>

The major changes in the Department's administrative expenses for 1977 are due principally to the increase in permanent full-time personnel--from 14,960 in 1976 to 15,650--as well as increased expenses for improved automated data processing capabilities, and higher costs of normal recurring costs such as office space rental, telephone and mail services, etc.

The increase of 690 permanent full-time personnel planned for 1977 is almost entirely in five areas:

1976 employment: 14,960

Increase in Housing Production to meet higher workload, particularly for Section 8, Lower Income Housing Assistance, and Section 235 programs..... +244

Increase in Housing Management, mainly to carry out workload in conducting the Department's public housing monitoring

HUD Budget Summary
Salaries and Expenses, HUD (cont.)

responsibilities and managing property disposition activities	+235
Increase for Flood Insurance staff to accelerate implementation of the Federal flood insurance program.....	+149
Additional field staff to operate data processing terminal equipment in Area and Insuring Offices.....	+55
Increase in Fair Housing and Equal Opportunity staff for anticipated workload in complaint and compliance activities..	+42
All other changes.....	<u>-35</u>
<u>1977 employment.....</u>	<u>15,650</u>

Personnel figures for each activity are shown in detail on Exhibit VIII of the Summary Tables in this volume.

The major dollar changes are as follows:

	(dollars in thousands)
<u>1976 estimate:</u>	\$417,001
Changes in personnel costs, primarily due to increase of 690 permanent full-time personnel in 1977.....	+15,691
Higher data processing costs for development and operation of new automated systems for management of the Department's programs.....	+4,155
Increase in office space rentals and telephone costs paid to GSA, and postage costs paid to the Postal Service.....	+4,483
Increase in travel to provide for higher per diem rates and mileage allowances which were authorized but for which no funds were provided in 1976.....	+1,782
All other changes.....	<u>+307</u>
<u>1977 estimate.....</u>	<u>443,419</u>

Workload measurement. In the preparation of its personnel estimates, the Department has used an extensive system of work measurement standards which directly relate staffing needs to the program workload to be accomplished. This work measurement system has substantially improved the accuracy of the staffing estimates for the four major program areas of Housing Production, Housing Management, Community Planning and Development, and Fair Housing and Equal Opportunity. The firm relationship established between workload and personnel requirements means that any arbitrary cut in personnel will, the Department believes, mean the consequent inability to accomplish the workload or meet the program objectives. The detailed effort which has gone into the work measurement program has resulted in realistic personnel estimates which are based on the work to be done.

Workload measurement calculations are based upon staff years of effort rather than end-of-year employment. The latter represents staff on hand on one day of the year. The former represents a better measure of the activity being carried out. Staff years also include temporary employment and overtime not reflected in

HUD Budget Summary
Salaries and Expenses, HUD (cont.)

permanent employment totals. Staff years for major areas of the Department are as follows:

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
Housing Production and Mortgage Credit	5,194.7	5,054.3	1,226.9	5,031.2
Housing Management.....	3,339.3	3,583.8	911.3	3,751.8
Community Planning and Development....	1,576.0	1,621.2	423.5	1,550.7
Fair Housing and Equal Opportunity....	519.5	542.6	123.4	500.0
All other activities.....	<u>6,145.0</u>	<u>6,317.2</u>	<u>1,542.5</u>	<u>6,312.9</u>
	16,774.5	17,119.1	4,227.6	17,146.6

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>HOUSING PROGRAMS</u>				
<u>Housing Production and Mortgage Credit-FHA</u>				
<u>Annual Contributions for Assisted Housing:</u>				
<u>Lower-Income Housing Assistance Program (Section 8):</u>				
Use of contract authority:				
Annual contributions.....	\$270,899	\$822,800	\$205,700	\$1,147,600
Obligations.....	8,256,269	15,540,000	3,885,000	21,611,000
Units approved:				
New construction	32,378	90,000	22,500	112,500
Rehabilitation..	4,420	10,000	2,500	12,500
Existing.....	55,322	132,000	33,000	165,000
Property disposition and loan management.....	...	88,000	22,000	110,000
Total.....	92,120	320,000	80,000	400,000
<u>Public Housing Program:</u>				
Use of contract authority:				
Annual contributions.....	\$91,256	\$141,033	\$6,500	\$25,000
Indians.....	8,650	25,000	3,800	17,000
All other.....	82,606	116,033	2,700	8,000
Obligations.....	3,650,242	5,641,315	260,000	1,000,000
Indians.....	344,000	1,000,000	152,000	680,000
All other.....	3,306,242	4,641,315	108,000	320,000
Units approved....	39,324	61,260	1,500	6,000
Indians.....	2,845	10,000	1,500	6,000
All other.....	36,479	51,260	...	...
<u>Mobile Home Standards Program:</u>				
State plans reviewed..	...	40	10	50
Inspections performed.	...	1,000	200	1,200
Obligations.....	...	\$800	\$200	\$1,000
<u>State Housing Finance and Development Agencies:</u>				
Contract authority enacted.....	...	15,000	...	...
Rescission of contract authority (pending)....	...	-15,000	...	...

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Homeownership Assistance</u>				
<u>Program (235):</u>				
Reservation of authority:				
Number of units.....	1,138	50,000	25,000	100,000
Use of contract authority (net).....	-\$26,171	\$264,034 ^{a/}	...	...
Obligations.....	-785,138	7,921,032	...	...
<u>Mortgage Insurance</u>				
<u>Programs:</u>				
Unit applications receipts:				
Home programs:				
Subsidized.....	7,426	50,000	25,000	100,000
Unsubsidized.....	471,195	465,000	116,200	465,000
Coinurance.....	...	45,000	23,250	93,000
Total.....	478,621	560,000	164,450	658,000
Multifamily programs:				
Subsidized.....	18,765	6,000	4,000	...
Unsubsidized.....	46,554	78,500	47,250	170,000
223(f)(applications)	(12,707)	(32,000)	(8,000)	(25,000)
Total.....	65,319	84,500	51,250	170,000
Total subsidized....	26,191	56,000	29,000	100,000
Total unsubsidized..	517,749	588,500	186,700	728,000
Grand total.....	543,940	644,500	215,700	828,000
Insurance in force (end of period)(in millions):				
Title I loans.....	\$1,696	\$1,895	\$1,956	\$2,210
Mortgage insurance..	84,954	82,377	82,023	78,063
Total.....	86,650	84,272	83,979	80,273
Title I loans insured (number of notes)....	252,307	257,000	69,500	279,000
Defect repair program (518b):				
Claims received.....	28,616	90,000	...	...
Amount paid.....	...	\$82,500	...	...
Insurance reserves (end of period)(in millions):				
Mutual mortgage insurance fund.....	\$1,873	1,971	\$1,973	\$2,080
Cooperative management insurance fund	21	20	19	19
General insurance fund.....	-1,041	-1,475	-1,632	60
Special risk insurance fund.....	-1,036	-1,375	-1,479	-3,190
Total insurance reserves.....	-183	-859	-1,119	-1,031 ^{b/}

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Emergency Homeowner's Relief Fund:</u>				
Emergency mortgage relief payments.....	...	(35,000)c/	...	...
<u>Nonprofit Sponsor Assistance:</u>				
Loan and approvals (obligations-net)....	...	3,700	1,350	3,700
<u>Housing for the Elderly or Handicapped:</u>				
Loan reservations.....	...	250,000	125,000	375,000
Unit reservations.....	...	10,800	5,400	14,800
<u>Other Housing Subsidy Programs:</u>				
<u>Rent Supplement Program:</u>				
Reservation of authority:				
Number of units...	14,951	-8,000d/	...	...
Use of contract authority (net)....	\$28,505	\$16,948	\$6,000	...
Obligations.....	1,140,186	677,915	240,000	...
<u>Rental Housing Assistance Program (236):</u>				
Reservation of authority:				
Number of units...	22,634	30,000	...	...
Use of contract authority (net):				
Bona fide commitments.....	\$56,313	\$65,000	...	...
Deep subsidy.....	...	30,000	10,000	\$10,000
Amendments.....	NA	6,777	...	3,000
Subsidy for taxes and utilities....	23	272	68	272
Total.....	56,336	102,049	10,068	13,272
Obligations.....	2,252,552	4,071,376	400,068	520,272
<u>College Housing Loans:</u>				
Net reservations:				
Number.....	-28	33	9	...
Amount.....	-\$34,123	\$35,500	\$10,000	...

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Housing Management</u>				
<u>Housing Payments</u>				
<u>Units Eligible for Payment,</u>				
<u>End of Period:</u>				
Lower Income Housing Assistance Program (Section 8).....	...	47,000	87,000	299,000
Homeownership Assistance:				
Revised program.....	...	...	...	59,000
Original program....	408,915	406,000	402,000	385,000
Rent Supplement.....	165,326	183,000	187,000	193,000
Rental Housing Assistance.....	400,360	459,000	478,000	555,000
Public Housing Program	<u>1,151,000</u>	<u>1,197,000</u>	<u>1,207,000</u>	<u>1,235,000</u>
Total units.....	2,125,601	2,292,000	2,361,000	2,726,000
College Housing facilities.....	337	420	426	430
<u>Use of Appropriation to Liquidate Contract Authority:</u>				
Lower Income Housing Assistance Program (Section 8).....	...	\$269,000	\$71,000	\$799,000
Homeownership Assistance:				
Revised program.....	...	...	...	25,000
Original program....	\$195,157	191,000	47,000	185,000
Rent Supplement.....	177,396	219,000	66,000	258,000
Rental Housing Assistance.....	384,925	464,000	133,000	603,000
Public Housing Program	946,664e/	1,082,000	276,000	1,179,000
College Housing grants	17,414	20,000	7,000	21,000
Adjustments and unutilized.....	<u>103,074</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total appropriation.	1,824,630	2,245,000	600,000	3,070,000
<u>Payments for Operation of Low Income Housing Projects</u>				
Approval of contract authority and appropriation.....	475,370	535,000	80,000	463,600

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Public Housing Moderniza- tion Programs</u>				
Contract authority.....	\$39,426	\$20,093	...	\$20,000
Capital costs financed with above-authority..	423,358	216,000	...	215,000
<u>LHA-Leased Housing</u>				
<u>Contract Adjustments</u>	18,711	21,900	\$5,500	22,300
<u>Property Acquisition and Mortgage Assignments</u>				
Acquired properties on hand, end of period:				
Homes.....	71,998	56,598	53,198	35,798
Multifamily.....	<u>38,013</u>	<u>45,770</u>	<u>43,928</u>	<u>26,608</u>
Subtotal.....	110,011	102,368	97,126	62,406
<u>Assigned mortgages on hand, end of period:</u>				
Homes.....	6,011	3,511	3,081	2,511
Multifamily.....	<u>156,703</u>	<u>186,703</u>	<u>194,033</u>	<u>214,878</u>
Subtotal.....	162,714	190,214	197,114	217,389
Total, All Units.	272,725	292,582	294,240	279,795
<u>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</u>				
<u>Special Assistance Functions</u>				
<u>Fund:</u>				
Purchases.....	\$3,056,188	\$2,234,000	\$103,200	\$467,207
Sales.....	1,296,167	3,854,655	103,200	467,207
Portfolio, end of period.	4,544,943	2,270,644	2,666,783	2,524,440
<u>Emergency Mortgage Purchase Assistance:</u>				
<u>Commitments:</u>				
Insured mortgages-				
Single family.....	998,586	...	...	...
Multifamily.....	...	3,000,000	...	...
Conventional mortgages-				
Single family.....	<u>4,935,603</u>	<u>2,000,000</u>	<u>...</u>	<u>...</u>
Total.....	5,934,189	5,000,000	...	...
<u>Mortgage purchases:</u>				
Insured mortgages-				
Single family.....	185,323	811,000	...	...
Multifamily.....	...	...	...	220,000
Conventional mortgages-				
Single family.....	<u>422,096</u>	<u>2,480,000</u>	<u>1,600,000</u>	<u>...</u>
Total.....	607,419	3,291,000	1,600,000	220,000

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>Mortgage sales:</u>				
Insured mortgages-				
Single family .....	...	\$995,345	...	...
Multifamily.....	...	...	...	\$220,000
Conventional mortgages-				
Single family.....	...	675,000	\$1,600,000	...
Total.....	...	1,670,345	1,600,000	220,000
<u>Guarantees of Mortgage Backed Securities</u>				
Issued in period.....	\$5,905,000	10,000,000	2,600,000	10,000,000
Outstanding.....	17,722,877	27,000,000	29,000,000	37,500,000
<u>Participation Sales Fund</u>				
Certificates retired.....	110,000	80,000	35,000	377,000
Certificates outstanding end of period.....	4,260,000	4,180,000	4,145,000	3,768,000
<u>COMMUNITY PLANNING AND DEVELOPMENT</u>				
<u>Community Development Grants:</u>				
Program grants.....	1,849,548	2,685,460	599,992	3,148,000
Urgent needs.....	5,460	94,540	...	100,000
Subtotal.....	1,855,008	2,780,000	599,992	3,248,000
1975 Appropriations for:				
Urban renewal reservations.....	47,637	...	...	...
Model cities obligations	69,363	...	...	...
Total Program Level...	1,972,008	2,780,000	599,992	3,248,000
<u>Comprehensive Planning Grants</u>	99,014	76,280	...	25,000
<u>Rehabilitation Loans-obligations</u>	16,216	54,481f/	...	...
<u>Urban Renewal.....</u>	-3,598g/	11,464g/	...	...
<u>Model Cities Program.....</u>	76,548	...	...	...
<u>NEW COMMUNITIES ADMINISTRATION</u>				
<u>Amendments to previous guarantees for financing New Communities:</u>				
Number.....	1	3	...	...
Amount.....	\$17,500	\$43,000	...	...
<u>Interest payments on New Community debentures.....</u>	5,847	14,260	4,584	\$18,886
<u>FEDERAL INSURANCE ADMINISTRATION</u>				
<u>Riot Reinsurance Program</u>				
Earned premiums.....	1,270	1,200	400	1,200
Claims incurred.....	90	500	125	500
<u>Crime Insurance Program</u>				
No. of policies written...	23,904	26,700	6,900	30,700
Premiums earned.....	\$2,909	\$3,164	\$877	\$3,855
Insurance losses.....	5,476	6,328	1,754	7,710

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
(Dollars in Thousands)				
<u>National Flood Insurance</u>				
<u>Program</u>				
Number of policies in force, end of period.....	539,888	971,798	1,214,744	1,700,645
Amount of insurance coverage.....	\$13,700,000	\$24,300,000	\$30,400,000	\$44,000,000
Insurance claims.....	37,661	51,519	15,799	102,302
<u>INTERSTATE LAND SALES</u>				
<u>REGISTRATION</u>				
Registration statements filed	752	800	200	900
Amended registrations filed.	2,701	3,200	800	3,600
Exemption actions requested.	927	900	225	800
Total number of filings...	4,380	4,900	1,225	5,300
<u>POLICY DEVELOPMENT AND RESEARCH</u>				
<u>Research and Technology</u>				
Housing assistance.....	\$15,554	\$15,600	\$2,600	\$15,750
Housing safety and standards.....	4,098	4,750	1,510	6,050
(Lead-based paint program)	(2,038)	(2,100)	(600)	(2,000)
Housing management and maintenance.....	4,080	3,400	600	4,900
Energy conservation and other housing research...	3,992	6,410	2,100	7,700
Neighborhood preservation.	4,040	4,600	1,100	6,500
Utility and energy systems, etc.	6,109	7,935	2,000	6,900
All other.....	18,750	19,186	5,590	23,200
Total contracts and grants.....	56,623	61,881	15,500	71,000
<u>FAIR HOUSING AND EQUAL OPPORTUNITY</u>				
<u>Complaint Receipts:</u>				
Title VIII.....	3,167	3,835	960	5,000
Title VI.....	265	320	80	320
Executive Order 11246.....	75	200	65	300
Compliance Reviews (Title VI)	196	600	150	600
<u>FEDERAL DISASTER ASSISTANCE</u>				
<u>ADMINISTRATION</u>				
Number of disaster declarations.....	28	46	11	46
Funds appropriated to the President-disaster relief..	\$200,000	\$150,000	\$37,500	\$100,000
<u>SALARIES AND EXPENSES, HUD</u>				
Total obligations.....	379,120	417,001	104,835	443,419
End of period employment (PFTs)	15,142	14,960	14,960	15,650
Staff years (includes Working Capital Fund).....	16,774.5	17,119.1	4,227.6	17,146.6

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUMMARY OF PROGRAM LEVELS
FISCAL YEARS 1975-1977

- a/ Obligated pursuant to court order of August 20, 1975. Unit approvals through 1977 are out of court ordered obligations.
- b/ Reserve levels for 1977 assume enactment of legislation transferring Section 221 programs from the General Insurance Fund to the Special Risk Insurance Fund. The levels also assume enactment of appropriations to restore actual losses as of June 30, 1975 in the Special Risk Fund and for all 221 insurance programs.
- c/ It is not anticipated that economic conditions will require the activation of this standby authority.
- d/ Reflects units converted to the Section 236 "Deep Subsidy" program pursuant to the Housing and Community Development Act of 1974.
- e/ Operating subsidies transferred for comparability purposes to "Payments for Operation of Low Income Housing Projects."
- f/ Based on enactment of a proposed rescission of \$50,000 thousand budget authority.
- g/ Represents commitments and/or recoveries of 1974 and prior year funds.

Office of the Secretary
Office of Budget
January 21, 1976

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ACTUAL AND PROPOSED APPROPRIATIONS
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>HOUSING PROGRAMS</u>				
<u>Housing Production and Mortgage</u>				
<u>Credit-FHA</u>				
Annual contributions for assisted housing-release of additional contract authority. (\$1,225,000)	(\$662,300)	...	...	(\$850,000)
Mobile home standards program..	...	...	...	1,000
Proposed supplemental.....	...	1,000	...	...
State housing finance and development agencies:				
Contract authority.....	...	(15,000)	...	...
Proposed rescission.....	...	(-15,000)	...	...
Liquidation of contract authority.....	...	15,000	...	...
Proposed rescission.....	...	-15,000	...	...
Mortgage insurance programs:				
Appropriation for net realized losses a/.....	...	142,500	...	825,698
Urban homesteading program:				
Proposed supplemental.....	...	5,000	...	...
Emergency homeowners' relief fund.....	...	35,000	...	...
Housing for the elderly or handicapped-loan limitation...	(214,539)	(375,000)	...	(375,000)
Rent supplement program-contract authority.....	...	(20,000)	...	...
Subtotal, HPMC-FHA.....	...	183,500	...	826,698
<u>Housing Management</u>				
Housing payments-liquidation of contract authority.....	2,300,000	2,245,000	\$600,000	3,070,000
Payments for operation of low income housing projects.....	(475,370) ^{b/}	535,000	80,000	463,600
Subtotal, HM.....	2,300,000	2,780,000	680,000	3,533,600
Subtotal, Housing Programs....	2,300,000	2,963,500	680,000	4,360,298
<u>COMMUNITY PLANNING AND DEVELOPMENT</u>				
<u>Community development grants:</u>				
Program grants.....	2,327,564	1,736,000	...	3,148,000 ^{c/}
Section 106(d)(2).....	54,625	52,000	...	...
Urgent needs.....	50,000	50,000	...	100,000
Subtotal.....	2,432,189 ^{d/}	1,838,000 ^{e/}	...	3,248,000
<u>1975 Appropriations for:</u>				
Urban renewal.....	47,637	...	...	...
Model cities.....	70,175	...	...	...
Total, CD Grants.....	2,550,000	1,838,000	...	3,248,000

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ACTUAL AND PROPOSED APPROPRIATIONS
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976 (Dollars in Thousands)	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
Comprehensive planning grants.	\$100,000	\$75,000	...	\$25,000
Rehabilitation loan fund.....	...	50,000	...	...
Proposed rescission.....	...	-50,000	...	...
Urban renewal program- permanent appropriation.....	...	702,493	\$300,000	1,000,000
Subtotal, CPD.....	2,650,000	2,615,493	300,000	4,273,000
<u>FEDERAL INSURANCE ADMINISTRATION</u>				
National flood insurance program	46,200 ^{f/}	70,039 ^{f/}	17,427 ^{f/}	100,000
<u>INTERSTATE LAND SALES REGISTRATION</u>				
Interstate land sales special fund (permanent appropriation).	415	400	100	450
<u>POLICY DEVELOPMENT AND RESEARCH</u>				
Research and technology.....	65,000	53,000	15,500	71,000
<u>DEPARTMENTAL MANAGEMENT</u>				
Salaries and expenses, HUD.....	164,402 ^{f/}	172,719 ^{f/}	43,255 ^{f/}	201,442
Proposed supplementals for pay increase.....	...	4,420	1,539	...
<u>PARTICIPATION SALES</u>				
Participation sales insufficiencies:				
Annual definite appropriation.	22,883	20,935	5,291	21,265
Permanent indefinite appropriation.....	4,679	4,848	1,453	4,835
Subtotal, Participation Sales.....	27,562	25,783	6,744	26,100
Subtotal, HUD.....	5,253,579	5,905,354	1,064,565	9,032,290
<u>FEDERAL DISASTER ASSISTANCE ADMINISTRATION</u>				
Funds appropriated to the President - Disaster relief...	200,000	150,000	37,500	100,000
GRAND TOTAL:				
Appropriations.....	5,453,579	6,055,354	1,102,065	9,132,290
Proposed rescissions included above.....	...	(-65,000)	...	...
Approval of annual contract authority...	(1,225,000)	(697,300)	...	(850,000)
Contract authority re- scission included above.....	...	(-15,000)	...	...
Loan limitations.....	(214,539)	(375,000)	...	(375,000)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ACTUAL AND PROPOSED APPROPRIATIONS
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

- a/ FY 1976 amount included in Supplemental Appropriation Act, P.L. 94-157 signed December 18, 1975 to restore losses through June 30, 1975 in the Special Risk and General Insurance funds. Appropriation for 1977 assumes enactment of legislation transferring the section 221 BMIR programs from the General Insurance fund to the Special Risk Insurance fund.
- b/ Included within the amount for Housing Payments.
- c/ Includes \$200,000 thousand which, under proposed legislation would be set-aside under section 103(a)(2), of which at least \$100,000 thousand will be available for SMSA balances.
- d/ Includes \$149,363 thousand transferred from the Urban Renewal and \$53,200 thousand transferred from the Model Cities appropriations.
- e/ Includes \$964,000 budget authority transferred from College Housing to Community Development Grants pursuant to the 1976 Appropriation Act.
- f/ For purposes of comparability with the appropriation structure proposed in 1977, amounts for administrative expenses provided in the Flood Insurance appropriation are included in "Salaries and Expenses, HUD" as follows: 1975: \$3,800 thousand; 1976: \$4,961 thousand; Transition Quarter: \$1,323 thousand; and 1977: \$7,575 thousand.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECONCILIATION OF APPROPRIATIONS AND BUDGET AUTHORITY
(Dollars in Thousands)

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u> <u>ESTIMATE</u>	<u>ESTIMATE</u> <u>1977</u>
Appropriations.....	\$5,453,579	\$6,055,354	\$1,102,065	\$9,132,290
Annual contributions for assisted housing-contract authority.....	44,385,905	18,033,511	21,900	16,578,400
Mortgage insurance programs- Treasury borrowing and debenture issues.....	1,294,150	1,129,408	239,073	149,761
Emergency mortgage purchase program.....	6,000,000	4,750,000	...	...
Rent supplement contract authority	...	800,000	...	...
College housing: Rescission of contract authority	-696,720	...	...	...
New communities fund-Treasury borrowing.....	...	11,352	5,830	25,452
Permanent contract authority (Section 236).....	...	23	272	68
Liquidation of contracts:				
Housing payments.....	-2,300,000	-2,245,000	-600,000	-3,070,000
Urban renewal.....	...	-702,493	-300,000	-1,000,000
Urban homesteading.....	...	-5,000	...	...
Offsetting proprietary receipts...	<u>-2,468</u>	<u>-2,383</u>	<u>-592</u>	<u>-2,383</u>
Budget Authority (as shown on Exhibit III).....	54,134,446	27,824,772	468,548	21,813,588

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>HOUSING PROGRAMS</u>				
<u>Housing Production and Mortgage</u>				
<u>Credit-FHA:</u>				
Annual contributions for				
assisted housing.....	\$44,385,905	\$18,033,511	\$21,900	\$16,578,400
Contract authority.....	(44,046,961)	(17,000,000)	...	(16,572,900)
Mobile home standards program	...	...	...	1,000
Proposed supplemental.....	...	1,000	...	...
State housing finance and development agencies:				
Budget authority.....	...	600,000	...	...
Proposed rescission.....	...	-600,000	...	...
Contract authority.....	...	(15,000)	...	...
Proposed rescission.....	...	(-15,000)	...	...
Rental housing assistance- permanent contract authority ^{a/}	...	23	272	68
Mortgage insurance programs:				
Net borrowing.....	1,294,150	1,129,408	239,073	149,761
Appropriation for net realized losses ^{b/}.....	...	142,500	...	825,698
Subtotal.....	1,294,150	1,271,908	239,073	975,459
Emergency homeowners' relief fund.....	...	35,000	...	...
Housing for the elderly or handicapped.....	...	(132,352)	(122,772)	(355,547)
Rent supplement program.....	...	800,000	...	...
Contract authority.....	...	(20,000)	...	...
College housing: ^{c/}				
Participation sales insufficiencies.....	15,143	14,500	3,700	...
Rescission of borrowing authority ^{d/}.....	...	-964,000	...	...
Rescission of contract authority.....	-696,720	...	...	...
Subtotal, HPMC-FHA.....	44,998,478	19,191,942	264,945	17,554,927
<u>Housing Management</u>				
Housing payments-liquidation of contract authority.....	(2,300,000)	(2,245,000)	(600,000)	(3,070,000)
Payments for operation of low income housing projects.....	(475,370) ^{e/}	535,000	80,000	463,600
Revolving fund (liquidating programs) participation sales insufficiencies.....	716	3,056	1,000	18,000
Subtotal, HM.....	716	538,056	81,000	481,600
Subtotal, Housing Programs..	44,999,194	19,729,998	345,945	18,036,527

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
<u>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</u>				
Special assistance functions fund:				
Participation sales.....	\$8,077	\$8,227	\$2,044	\$8,100
Emergency mortgage purchase assistance.....	6,000,000	4,750,000	...	...
Payment of participation sales insufficiencies.....	<u>1,462</u>	<u>...</u>	<u>...</u>	<u>...</u>
Subtotal, GNMA.....	6,009,539	4,758,227	2,044	8,100
<u>COMMUNITY PLANNING AND DEVELOPMENT</u>				
Community development grants:				
Program grants.....	2,327,564	2,700,000	...	3,148,000
Section 106(d)(2).....	54,625	52,000	...	...
Urgent needs.....	<u>50,000</u>	<u>50,000</u>	<u>...</u>	<u>100,000</u>
Subtotal.....	<u>2,432,189^f</u>	<u>2,802,000</u>	<u>...</u>	<u>3,248,000^g</u>
Urban renewal.....	47,637	...	...	...
Model cities.....	<u>70,175</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total, CD Grants.....	2,550,000	2,802,000 ^d	...	3,248,000
Comprehensive planning grants...	100,000	75,000	...	25,000
Rehabilitation loan fund.....	...	50,000	...	...
Proposed rescission.....	...	-50,000	...	...
Public facility loans.....	<u>2,163</u>	<u>...</u>	<u>...</u>	<u>...</u>
Subtotal, CPD.....	2,652,163	2,877,000	...	3,273,000
<u>NEW COMMUNITIES ADMINISTRATION</u>				
New communities fund (Treasury borrowings).....	...	11,352	5,830	25,452
<u>FEDERAL INSURANCE ADMINISTRATION</u>				
National flood insurance program	46,200 ^h	70,039 ^h	17,427 ^h	100,000
<u>INTERSTATE LAND SALES REGISTRATION</u>				
Interstate land sales special fund-permanent appropriation...	415	400	100	450
<u>POLICY DEVELOPMENT AND RESEARCH</u>				
Research and technology.....	65,000	53,000	15,500	71,000
<u>DEPARTMENTAL MANAGEMENT</u>				
Salaries and expenses, HUD.....	164,402 ^h	172,719 ^h	43,255 ^h	201,442
Proposed supplementals for pay increase.....	...	4,420	1,539	...
Deductions for offsetting receipts ⁱ	<u>-2,468</u>	<u>-2,383</u>	<u>-592</u>	<u>-2,383</u>
Subtotal, HUD.....	53,934,446	27,674,772	431,048	21,713,588
<u>FEDERAL DISASTER ASSISTANCE ADMINISTRATION</u>				
Funds appropriated to the President - Disaster relief....	<u>200,000</u>	<u>150,000</u>	<u>37,500</u>	<u>100,000</u>
Total Budget Authority..	54,134,446	27,824,772	468,548	21,813,588
Proposed rescissions included above.....	...	(-650,000)	...	...

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

- a/ As authorized by the HCD Act of 1974, this contract authority provides for payment of subsidies for certain tax and utility cost increases incurred by projects receiving section 236 assistance.
- b/ FY 1976 amount included in Supplemental Appropriation Act, P.L. 94-157 signed December 18, 1975 to restore losses through June 30, 1975 in the Special Risk and General Insurance funds. Appropriation for 1977 assumes enactment of legislation transferring the Section 221 BMIR programs from the General Insurance fund to the Special Risk Insurance fund.
- c/ The Budget proposes the transfer of all assets and liabilities to the Revolving Fund in 1977.
- d/ Includes \$964,000 thousand of College Housing budget authority transferred to Community Development Grants pursuant to the 1976 Appropriation Act.
- e/ Included within the amount for Housing Payments.
- f/ Includes \$149,363 thousand transferred from the Urban Renewal and \$53,200 thousand transferred from the Model Cities appropriations.
- g/ Includes \$200,000 thousand which, under proposed legislation would be set-aside under section 103(a)(2), of which, at least \$100,000 thousand will be available for SMSA balances.
- h/ For purposes of comparability with the appropriation structure proposed in 1977, amounts for administrative expenses provided in the Flood Insurance appropriation are included in "Salaries and expenses, HUD" as follows: 1975: \$3,800 thousand; 1976: \$4,961 thousand; Transition Quarter: \$1,323 thousand; and 1977: \$7,575 thousand.
- i/ Includes such items as rental income on trailers used at disaster sites, and proceeds from the sale of such trailers.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET OUTLAYS BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
HOUSING PROGRAMS				
<u>Housing Production and Mortgage</u>				
<u>Credit-FHA</u>				
Mobile home standards program	...	...	...	\$800
Proposed supplemental.....	...	\$700	\$300	...
Mortgage insurance programs..	\$1,088,449	1,161,156	204,747	830,305
Low rent public housing fund.	-53,839	...	...	...
Nonprofit sponsor assistance.	-331	2,030	1,015	2,360
Housing for the elderly or handicapped:				
In budget.....	-1,784	...	...	...
Annexed budget.....	(-12,928)	(-13,497)	(-4,000)	(111,000)
College housing fund.....	-55,418	-30,000	-15,000	... ^{a/}
Subtotal, HPMC-FHA.....	977,077	1,133,886	191,062	833,465
<u>Housing Management</u>				
Housing payments b/.....	1,747,191	1,975,000	555,000	2,550,000
Payments for operation of low income housing projects b/.	339,915	500,000	140,000	482,000
Rental housing assistance fund.....	-15,202	-8,400	-932	-3,728
Counseling services.....	333	8	...	...
Revolving fund (liquidating programs).....	58,193	220,000	20,000	19,500
Community disposal operations fund.....	-865	-600	-150	-600
Disaster assistance fund.....	-37,554	-11,147	...	...
Subtotal, HM.....	2,092,011	2,674,861	713,918	3,047,172
Subtotal, Housing Programs..	3,069,08	3,808,747	904,980	3,880,637
<u>GOVERNMENT NATIONAL MORTGAGE</u>				
<u>ASSOCIATION</u>				
Special assistance functions:				
Special assistance functions fund.....	1,676,100	-1,251,338	48,110	158,139
Emergency mortgage purchase assistance.....	504,168	1,762,838	143,814	28,210
Subtotal, SAF.....	2,180,268	511,500	191,924	186,349
Management and liquidating functions fund.....	-61,648	-30,273	-7,500	-21,400
Guarantees of mortgage-backed securities.....	-9,723	-11,598	-3,390	-16,806
Participation sales fund.....	-4,676	532	10,419	275
Subtotal, GNMA.....	2,104,221	470,161	191,453	148,418

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET OUTLAYS BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
COMMUNITY PLANNING AND DEVELOPMENT				
Community development grants....	\$38,081	\$750,000	\$400,000	\$1,600,000
Comprehensive planning grants...	96,883	110,000	25,000	75,000
Rehabilitation loan fund:				
Full utilization of available balances.....	29,440	76,000	23,000 ^{c/}	...
Proposed rescission.....	...	-18,382	-25,000	...
Net outlays based on rescission.....	29,440	57,618	-2,000 ^{c/}	...
Urban renewal programs:				
Grants.....	1,376,465	1,375,000	300,000	1,000,000
Loans.....	-29,032	50,000	...	-25,000
Public facility loans.....	23,386 ^{d/}	...	...	...
Miscellaneous expired accounts:				
Model cities.....	344,588	206,009	...	...
Community development training and urban fellowship programs	1,875	897	...	...
All other.....	189,543 ^{d/}	...	...	...
Subtotal, CPD.....	2,071,229	2,549,524	723,000	2,650,000
NEW COMMUNITIES ADMINISTRATION				
New community assistance grants.	2,906	3,000	1,500	5,000
New communities fund.....	6,566	15,818	5,584	25,446
Subtotal, NCA.....	9,472	18,818	7,084	30,446
FEDERAL INSURANCE ADMINISTRATION				
National insurance development fund.....	-2,350	-2,534	-613	-1,758
National flood insurance fund...	44,208	127,823	38,750	200,866
Subtotal, FIA.....	41,858	125,289	38,137	199,108
INTERSTATE LAND SALES REGISTRATION				
Interstate land sales special fund-permanent appropriation...	1,831	450	100	450
POLICY DEVELOPMENT AND RESEARCH				
Research and technology.....	52,332	57,000	19,000	67,100
DEPARTMENTAL MANAGEMENT				
Salaries and expenses, HUD.....	139,829	167,758	41,932	201,442
Proposed supplementals for pay increase.....	...	4,420	1,539	...
Urban transportation.....	313	1,956	...	...
Low-income housing demonstration program.....	-20	1,312	...	...
Working capital fund.....	369	813	207	-824
Consolidated working fund.....	156	206	...	...
Subtotal, DM.....	140,647	176,465	43,678	200,618

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET OUTLAYS BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 1975-1977

	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER ESTIMATE	ESTIMATE 1977
	(Dollars in Thousands)			
Deductions for offsetting receipts ^{e/}	<u>-\$2,468</u>	<u>-\$2,383</u>	<u>-\$592</u>	<u>-\$2,383</u>
Subtotal, HUD.....	7,488,207	7,204,071	1,926,840	7,174,394
<u>FEDERAL DISASTER ASSISTANCE</u>				
<u>ADMINISTRATION</u>				
Funds appropriated to the President-Disaster relief.....	<u>205,858</u>	<u>250,000</u>	<u>55,000</u>	<u>250,000</u>
Grand Total.....	7,694,065	7,454,071	1,981,840	7,424,394
Impact of proposed rescissions included above.....	...	(-18,382)	(-2,000)	...

- a/ The budget proposes the transfer of all assets and liabilities to the Revolving Fund (liquidating programs) in 1976.
- b/ Outlays for Operating Subsidies have been adjusted to be comparable with the current appropriation structure.
- c/ Transition quarter estimate is to August 22, 1976. Outlays for remainder of the transition quarter, as well as for 1977, are included under the Revolving Fund (liquidating programs).
- d/ Outlays through April 1, 1975. All outlays past that date are included under Revolving Fund (liquidating programs).
- e/ Includes such items as rental income on trailers used at disaster sites, and proceeds from the sale of such trailers.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY AND OUTLAYS BY FUNCTION
FISCAL YEARS 1975 - 1977

	BUDGET AUTHORITY				OUTLAYS			
	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)								
<u>COMMERCE AND TRANSPORTATION</u>								
<u>Mortgage credit and thrift insurance:</u>								
Mortgage insurance programs-FHA Fund.....	\$1,294,150	\$1,271,908	\$239,073	\$975,459	\$1,088,449	\$1,161,156	\$204,747	\$830,305
Emergency homeowner's relief fund.....	...	35,000	...	...	...	...	...	...
<u>GNMA-Mortgage purchase programs:</u>								
Special assistance functions.....	...	...	...	...	1,676,100	-1,251,338	48,110	158,139
Emergency mortgage purchase.....	6,000,000	4,750,000	...	...	504,168	1,762,838	143,814	28,210
Other GNMA.....	...	...	...	...	-71,371	-41,871	-10,890	-38,206
Subtotal.....	7,294,150	6,056,908	239,073	975,459	3,197,346	1,630,785	385,781	978,448
<u>Other Subfunctions:</u>								
Mobile home standards program.....	...	1,000	...	1,000	...	700	300	800
National insurance development fund.....	...	...	...	...	-2,350	-2,534	-613	-1,758
Miscellaneous (participation sales, interstate land sales, etc.).....	9,954	11,424	2,903	11,398	2,730	1,845	5,995	3,831
Subtotal.....	7,304,104	6,069,332	241,976	987,857	3,197,726	1,630,796	391,463	981,321

HUD Budget Summary

EXHIBIT V

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY AND OUTLAYS BY FUNCTION
FISCAL YEARS 1975 - 1977

	BUDGET AUTHORITY				OUTLAYS			
	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)								
<u>COMMUNITY AND REGIONAL DEVELOPMENT</u>								
<u>Community development:</u>								
Community development grants.....	\$2,550,000	\$1,838,000 ^{a/}	...	\$3,248,000	\$38,081	\$750,000	\$400,000	\$1,600,000
Comprehensive planning grants.....	100,000	75,000	...	25,000	96,883	110,000	25,000	75,000
Urban renewal.....	...	...	...	...	1,347,433	1,325,000	300,000	975,000
New Communities.....	...	11,352	\$5,830	25,452	9,472	18,818	7,084	30,446
Research and technology...	65,000	53,000	15,500	71,000	52,332	57,000	19,000	67,100
Other (expired CD programs, etc.).....	<u>117,640</u>	<u>176,076</u>	<u>33,032</u>	<u>147,415</u>	<u>740,279</u>	<u>713,547</u>	<u>51,467</u>	<u>149,531</u>
Subtotal.....	2,832,640	2,153,428	54,362	3,516,867	2,284,480	2,974,365	802,551	2,897,077
<u>Disaster Relief and Insurance.....</u>								
	250,000	225,000	56,250	207,575	212,512	366,676	93,750	458,441
<u>Other (offsetting receipts, etc.).....</u>								
	<u>-2,468</u>	<u>-2,383</u>	<u>-592</u>	<u>-2,383</u>	<u>-2,468</u>	<u>-2,383</u>	<u>-592</u>	<u>-2,383</u>
Subtotal.....	3,080,173	2,376,045	110,020	3,722,059	2,494,524	3,338,658	895,709	3,353,135
<u>EDUCATION, MANPOWER AND SOCIAL SERVICES</u>								
College housing.....	-681,577	14,500	3,700	....	-55,418	-30,000	-15,000	...
Other (participation sales, etc.).....	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>-538</u>	<u>6,787</u>	<u>6,296</u>	<u>6,922</u>
Subtotal.....	-681,577	14,500	3,700	...	-55,956	-23,213	-8,704	6,922

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY AND OUTLAYS BY FUNCTION
FISCAL YEARS 1975 - 1977

	BUDGET AUTHORITY				OUTLAYS			
	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977	ACTUAL 1975	ESTIMATE 1976	TRANSITION QUARTER	ESTIMATE 1977
(Dollars in Thousands)								
<u>INCOME SECURITY</u>								
<u>Public assistance and other income supplements:</u>								
Annual contributions for assisted housing.....	\$44,385,905	\$18,033,511	\$21,900	\$16,578,400	...	...	...	...
Housing payments.....	(1,824,630)	(2,245,000)	(600,000)	(3,070,000)	\$1,747,191	\$1,975,000	\$555,000	\$2,550,000
Payment for operation of low income housing projects.....	(475,370)	535,000	80,000	463,000	339,915	500,000	140,000	482,000
Rent supplements.....	...	800,000	...	...	...	...	...	...
Other.....	34,424	34,168	7,927	50,336	-34,948	27,775	7,738	48,300
Subtotal.....	44,420,329	19,402,679	109,827	17,091,736	2,052,158	2,502,775	702,738	3,080,300
<u>VETERANS BENEFITS AND SERVICES</u>								
<u>Veterans housing:</u>								
Participation sales.....	...	...	...	...	-5,801	-7,161	-2,391	-9,220
<u>LAW ENFORCEMENT AND JUSTICE</u>								
<u>Federal Law Enforcement and Prosecution</u>								
Fair housing and equal opportunity.....	11,417	12,216	3,025	11,936	11,417	12,216	3,025	11,936
TOTAL.....	54,134,446	27,874,772	468,548	21,813,588	7,694,065*	7,454,071	1,981,840	7,424,394

* Does not add due to rounding.

a/ Excludes \$964,000 thousand of College Housing budget authority transferred to Community Development Grants pursuant to the 1976 Appropriation Act.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBSIDIZED HOUSING PROGRAMS

SUMMARY OF RESERVATIONS, STARTS, AND COMPLETIONS

FISCAL YEARS 1975, 1976, TRANSITION QUARTER, AND 1977

	RESERVATIONS				STARTS				COMPLETIONS a/			
	1975	1976	TQ	1977	1975	1976	TQ	1977	1975	1976	TQ	1977
Lower-Income Housing Assistance Programs (Section 8)												
New construction.....	32,378	90,000	22,500	112,500	...	39,600	22,500	110,700	...	...	...	3,600
Rehabilitation.....	4,420	10,000	2,500	12,500	...	4,400	2,500	12,300	...	...	...	400
Existing.....	55,322	132,000	33,000	165,000	...	NA	NA	NA	...	47,000	40,000	173,000
Property disposition and loan management.	...	88,000	22,000	110,000	NA	NA	NA	NA	...	...	...	35,000
Total.....	92,120	320,000	80,000	400,000	...	44,000	25,000	123,000	...	47,000	40,000	212,000
Public Housing												
New construction.....	21,541	27,935	1,500	6,000	23,401	30,000	9,000	17,000	43,355	33,000	6,000	32,000
Rehabilitation.....	418	3,100	...	...	1,131	5,000	1,000	2,000	132	6,000	1,000	5,000
Existing.....	17,365	225	...	...	NA	NA	NA	NA	4,187	21,000	3,000	6,000
Property disposition and loan management.	...	30,000	...	...	NA	NA	NA	NA	...	...	...	5,000
Total.....	39,324	61,260	1,500	6,000	24,532	35,000	10,000	19,000	47,674	60,000	10,000	48,000
Rent Supplement												
Market Rate.....	1,444	...	...	...	2,649	2,500	1,000	3,000	...	8,000	2,000	12,000
Piggy-back b/.....	13,507	...	...	...	NA	NA	NA	NA	...	...	...	...
Conversions.....	...	-8,000	...	...	NA	NA	...	NA	...	...	...	...
Total.....	14,951	-8,000	...	...	2,649	2,500	1,000	3,000	...	8,000	2,000	12,000

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBSIDIZED HOUSING PROGRAMS

SUMMARY OF RESERVATIONS, STARTS AND COMPLETIONS

FISCAL YEARS 1975, 1976, TRANSITION QUARTER, AND 1977

	RESERVATIONS				STARTS				COMPLETIONS a/			
	1975	1976	TQ	1977	1975	1976	TQ	1977	1975	1976	TQ	1977
Section 235:												
Old program.....	1,138	...	...	...	1,801	...	...	...	2,238	...	...	...
New program.....	...	50,000	25,000	100,000	...	10,000	23,000	100,000	...	1,000	4,000	78,000
Section 236:												
Old program.....	22,634	30,000	...	...	19,421	60,000	8,000	20,000	66,118	81,300	9,000	50,600
Deep subsidy c/.....	...	(15,000)	(5,000)	(5,000)	NA	NA	NA	NA	NA	NA	NA	NA
Section 202 d/.....	...	(10,800)	(5,200)	(15,000)	...	...	...	(8,000)	...	...	...	...
Subtotal, Housing Programs.....	170,167	453,260	106,500	506,000	48,403	151,500	67,000	265,000	116,030	197,300	65,000	400,600
Sections 115 and 312												
Substantial rehab...	4,578	5,725	...	...	3,407	9,603	4,175	...	3,185	8,725	4,865	3,121
GRAND TOTAL.....	174,745	458,985	106,500	506,000	51,810	161,103	71,175	265,000	119,215	206,025	69,865	403,721

a/ Includes existing units under Section 8, Public Housing and Section 235 which were made available for occupancy.

b/ Under the piggyback portion of the Rent Supplement program, units were started and completed under Section 236.

c/ Units are included as non-add numbers since the units receiving deep subsidy are counted as a reservation under the old program.

d/ To avoid duplication in counting, unit reservations and starts under the new Section 202 program are included as non-add numbers since it is expected that each unit will receive Section 8 assistance and are already counted under the Section 8 program.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROPERTY ACQUISITIONS AND MORTGAGE ASSIGNMENTS,
SALES AND INVENTORY

PROPERTY ACQUISITIONS

	<u>ACTUAL</u> <u>1975</u>	<u>ESTIMATE</u> <u>1976</u>	<u>TRANSITION</u> <u>QUARTER</u>	<u>ESTIMATE</u> <u>1977</u>
Property transactions (units):				
Acquisitions:				
Homes.....	52,800	46,600	11,600	46,600
Multifamily.....	<u>17,570</u>	<u>22,600</u>	<u>5,900</u>	<u>21,600</u>
Total.....	70,370	69,200	17,500	68,200
Sales:				
Homes.....	66,113	62,000	15,000	64,000
Multifamily.....	<u>10,267</u>	<u>14,843</u>	<u>7,742</u>	<u>38,920</u>
Total.....	76,380	76,843	22,742	102,920
Acquired properties on hand, end of year:				
Homes.....	71,998	56,598	53,198	35,798
Multifamily.....	<u>38,013</u>	<u>45,770</u>	<u>43,928</u>	<u>26,608</u>
Total.....	110,011	102,368	97,126	62,406

MORTGAGE ASSIGNMENTS

Assignment of mortgages (units):				
Assigned mortgages:				
Homes.....	1,627	2,320	530	2,110
Multifamily.....	<u>58,866</u>	<u>49,000</u>	<u>12,300</u>	<u>38,640</u>
Total.....	60,493	51,320	12,830	40,750
Converted and liquidated:				
Homes.....	5,766	4,820	960	2,680
Multifamily.....	<u>14,308</u>	<u>19,000</u>	<u>4,970</u>	<u>17,795</u>
Total.....	20,074	23,820	5,930	20,475
Assigned mortgages on hand, end of year:				
Homes.....	6,011	3,511	3,081	2,511
Multifamily.....	<u>156,703</u>	<u>186,703</u>	<u>194,033</u>	<u>214,878</u>
Total.....	162,714	190,214	197,114	217,389

TOTAL OF ACQUISITIONS AND ASSIGNMENTS, END OF YEAR

Homes.....	78,009	60,109	56,279	38,309
Multifamily.....	<u>194,716</u>	<u>232,473</u>	<u>237,961</u>	<u>241,486</u>
Total.....	272,725	292,582	294,240	279,795

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PERMANENT FULL-TIME EMPLOYMENT

ORGANIZATION	ACTUAL JUNE 30 1975	ESTIMATE JUNE 30 1976	TRANSITION QUARTER 9/30/76	ESTIMATE SEPT. 30 1977
<u>Housing Production and Mortgage Credit-</u>				
<u>FHA:</u>				
Central Office.....	415	446	446	446
Field Offices.....	4,336	4,021	4,021	4,265
	4,751	4,467	4,467	4,711
<u>Housing Management:</u>				
Central Office.....	350	363	363	363
Field Offices.....	2,891	2,994	2,994	3,229
	3,241	3,357	3,357	3,592
<u>Government National Mortgage Associ-</u>				
<u>ation:</u>				
Central Office.....	36	37	37	39
<u>Community Planning and Development:</u>				
Central Office.....	264	273	273	273
Field Offices.....	1,317	1,226	1,226	1,167
	1,581	1,499	1,499	1,440
<u>New Communities Administration:</u>				
Central Office.....	80	80	80	80
<u>Federal Insurance Administration:</u>				
Central Office.....	128	137	137	230
Field Offices.....	42	60	60	116
	170	197	197	346
<u>Interstate Land Sales:</u>				
Central Office.....	80	85	85	85
Field Offices.....	31	30	30	30
	111	115	115	115
<u>Policy Development and Research:</u>				
Central Office.....	161	182	182	194
Field Offices.....	11	...	...	...
	172	182	182	194
<u>Fair Housing and Equal Opportunity:</u>				
Central Office.....	83	83	83	100
Field Offices.....	326	339	339	364
	409	422	422	464
<u>Federal Disaster Assistance Administra-</u>				
<u>tion:</u>				
Central Office.....	58	64	64	68
Field Offices.....	91	97	97	100
	149	161	161	168

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PERMANENT FULL-TIME EMPLOYMENT

ORGANIZATION	ACTUAL JUNE 30 1975	ESTIMATE JUNE 30 1976	TRANSITION QUARTER 9/30/76	ESTIMATE SEPT. 30 1977
<u>Departmental Management:</u>				
Central Office.....	157	161	161	161
<u>Office of General Counsel:</u>				
Central Office.....	204	190	190	205
<u>Field Legal Services:</u>				
Field Offices.....	320	315	315	315
<u>Office of Inspector General:</u>				
Central Office.....	74	84	84	84
Field Offices.....	<u>376</u>	<u>407</u>	<u>407</u>	<u>407</u>
	450	491	491	491
<u>Administration and Staff Services:</u>				
Administration.....	1,249	1,213	1,213	1,193
Working Capital Fund.....	386	423	423	431
Total (Central Office).....	<u>1,635</u>	<u>1,636</u>	<u>1,636</u>	<u>1,624</u>
<u>Field Direction:</u>				
Field Offices.....	600	570	570	570
<u>Field Administration:</u>				
Field Offices.....	<u>1,076</u>	<u>1,080</u>	<u>1,080</u>	<u>1,135</u>
TOTAL FULL-TIME EMPLOYMENT IN PERMA- NENT POSITIONS.....	<u>15,142</u>	<u>14,960</u>	<u>14,960</u>	<u>15,650</u>
Other Employment.....	<u>2,019</u>	<u>1,925</u>	<u>1,925</u>	<u>1,625</u>
GRAND TOTAL.....	17,161	16,885	16,885	17,275
<u>Summary</u>				
Washington.....	3,725	3,821	3,821	3,952
Field.....	<u>11,417</u>	<u>11,139</u>	<u>11,139</u>	<u>11,698</u>
Total Full-Time in Permanent Positions	15,142	14,960	14,960	15,650
Change from Fiscal Year 1975.....	...	-182	-182	+508
Change from Fiscal Year 1976.....	+690

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