

Section 9: Department of Housing and Urban Development

In FY 2010, the Department of Housing and Urban Development received \$46 billion, a 13.3 percent increase from last year's non-emergency discretionary level.

This amendment would rescind \$2.3 billion (five percent) from the Department and direct the Secretary to eliminate and consolidate more than 60 duplicative programs at the Department and eliminate waste to produce savings.

Duplicative HUD Security Programs

Brownfields Economic Development Initiative

The **Brownfields Economic Development** Initiative, funded at \$17 million in FY 2010, is a grant program that provides funding to cities for economic development of buildings in industrial districts. The program is duplicative of numerous federal programs providing billions of dollars to states and cities for economic development.

- **Community Development Block Grant (CDBG)** program, which is funded at \$4.45 billion for FY 2010, provides grants to fund the development of "suitable living environment" for urban communities.
- In addition to duplication within HUD, **the Environmental Protection Agency (EPA) Superfund Development**, funded at over \$1 billion annually, also duplicates in its entirety the Brownfield's program, as its mission is to redevelop areas with the nation's worst hazardous waste sites to safe and productive uses.¹

The President's FY 2010 budget proposed the termination of this program, stating, "While these are very important objectives, the program is very small, and local governments have access to other public and private funds. ...By terminating this program, the Department of Housing and Urban Development is also able to reduce the administrative workload associated with managing a small and duplicative program."²

¹ <http://epa.gov/superfund/programs/recycle/index.html>

² <http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf>

Homelessness Programs

HUD homelessness program provides grants to local communities to combat homelessness, funded at nearly \$2 billion annually. HUD administers four primary homeless programs:

- The Supportive Housing Program;
- The Shelter Plus Care Program;
- The Single Room Occupancy Program; and
- The Emergency Shelter Grant Program.

HUD's efforts not only duplicate their own programs, but also duplicate the efforts and programs of other federal departments programs that aim toward eradicating homelessness, several of which are listed below.

The **Department of Health and Human Services** administers four programs that aim toward providing assistance for homelessness housing. They include:

- Basic Center Program (FY 09 \$48.6 million),
- Transitional Living Program for Older Homeless Youth (FY 09 \$41 million),
- Street Outreach Program (FY 09 \$16 million), and
- Title V Property Program, which provides surplus federal property to homeless groups.³

The **Department of Veterans Affairs** conducts eight programs that aim toward providing assistance for homelessness housing. They include:

- Homeless Provider Grants (FY 09 \$130 million in FY 09),
- Department of Housing and Urban Development and Department of Veterans Affairs Supported Housing programs (FY 09 \$54 million),
- CHALENG, Supported Housing,
- Drop-In Centers,
- Compensated Work Therapy/Transitional Residence
- Acquired Property Sales for Homeless Providers, and
- VA Excess Property for Homeless Veterans Initiative.⁴

³ <http://www.hhs.gov/homeless/grants/index.html#TargetedHomelessAssistancePrograms>

⁴ <http://www1.va.gov/homeless/page.cfm?pg=2>

There is a government-wide initiative to combat homelessness, called the United States Interagency Council on Homelessness, funded at \$2.45 million a year.

Community Development Programs

The entitlement grants provided by the **Department of Housing and Urban Development's Community Development Block Grant (CDBG)** program, which is funded at \$4.45 billion for FY 2010, provides grants to fund the development of "suitable living environment" for urban communities. Grantees may fund activities that meet community development needs related to the health or welfare of the community. These include repairing streets, sidewalks, parks, playgrounds, museums, libraries, and theaters. This program duplicates several other federal efforts and programs intended to encourage and support community development.

- The **Institute of Museum and Library Services (IMLS)**, which was funded at \$283 million in FY 2010, is the primary source of federal support for the nation's 123,000 libraries and 17,500 museums, whose mission is "to create strong libraries and museums that connect people to information and ideas."⁵
- The **Economic Development Administration** at the Department of Commerce was funded at \$252 million in FY 2010. The EDA's mission is "to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy." EDA targets its investment assistance on attracting private capital investment and creating higher-skill, higher-wage jobs in those communities and regions that are suffering from economic distress.⁶
- The **Department of Health and Human Services** administers three programs that aim toward community development. They include the community economic development program (\$36 million in FY 09)⁷, the

⁵ <http://www.ims.gov/about/about.shtm>

⁶ <http://www.eda.gov/PDF/EDA%20Brochure%20UPDATED%2012%2002%2009.pdf>

⁷ http://www.acf.hhs.gov/programs/ocs/ced/fact_sheet.html

Social Services Block Grant (\$1.7 billion in FY 09)⁸, and the Community Services Block Grant (\$700 million in FY 09)⁹.

Housing/Rental Assistance

The Department of Housing Urban Development provides tens of billions of dollars to subsidize housing for low-income and disabled persons. The two primary programs are **tenant based rental assistance** (\$18.1 billion in FY 2010), and the **project based rental assistance** (\$8.5 billion in FY 2010). Both the capital fund and operating fund are used to maintain these programs. There are numerous programs, both within HUD and in other Federal agencies that duplicate the HUD housing efforts.

In addition, according to the Government Accountability Office, there are “a total of 23 federal housing programs target or have special features for the elderly. Specifically, one HUD and one USDA program target the elderly exclusively, while three HUD programs target the elderly and disabled. The remaining 18 programs serve a variety of household types but have special features for elderly households, such as income adjustments that reduce their rents.”¹⁰

Each of the following programs in HUD duplicates the underlying housing programs by targeting a certain type of group. Each group targeted is already eligible for the primary housing programs mentioned above.

- Native American Housing Block Grants - \$700 million
- Native Hawaiian Housing Block Grants - \$13 million
- Indian Housing Loan Guarantee Program - \$7 million
- Native Hawaiian Housing Loan Guarantee Program - \$1 million
- Housing Opportunities for Persons with AIDS - \$335 million
- Housing for Persons with Disabilities - \$300 million
- Housing for the Elderly- \$825 million
- HUD’s Rural Innovation Fund - \$25 million
- HUD’s HOME Investment Partnerships Program

⁸ <http://www.acf.hhs.gov/programs/ocs/ssbg/about/factsheets.htm>

⁹ <http://www.acf.hhs.gov/programs/ocs/csbg/aboutus/factsheets.htm>

¹⁰ <http://www.gao.gov/new.items/d05174.pdf>

There are also programs outside of HUD that conduct housing assistance programs.

- Department of Veterans Housing Benefit Program - \$165 million
- Department of Agriculture's Rural Housing Service - \$13 billion
- USDA's Rural Economic Area Partnership Zones - \$41 million
- USDA's Multi-Family Housing Revitalization Program - \$43 million

Waste and Mismanagement at the Department of HUD

HUD ends each fiscal year with billions in unspent and unobligated funds. In 2009, the total amount of unobligated HUD funds is projected to be **\$34.3 billion**.¹¹

HUD made nearly **\$1 billion worth of improper payments** in 2008.¹²

The Inspector General identified nearly **\$1.3 billion** in HUD spending that could have been put to better use.¹³

Since 2007, HUD has acquired at least 110,000 foreclosed houses, spending about **\$12.2 billion** to reimburse lenders after the owners defaulted on government-backed loans. So far, HUD has been able to recover only about \$5.5 billion. HUD lost 39 cents on the dollar for every home it resold last year and taxpayers have lost roughly **\$3.3 billion** in total (\$1.65 billion average annually).¹⁴

The **\$2.1 million** annual cost of HUD's automobile fleet has increased 70 percent since 2004, yet Department officials can't figure out why. "Where that spike in overall costs came from, I have no idea," said Bradley Jewitt, director of HUD's facilities management division. Agency spokesman Jerry Brown added, "We can't explain it."¹⁵

HUD spent **\$50 million** on counseling in fiscal year 2008 and Congress designated another **\$360 million** for foreclosure prevention counseling.

¹¹ <http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf>

¹² <http://www.gao.gov/new.items/d09628t.pdf>

¹³ <http://www.hud.gov/offices/oig/sar60.pdf>

¹⁴ http://www.usatoday.com/money/economy/housing/2009-05-14-govtown_N.htm

¹⁵ http://m.apnews.com/ap/db_6775/contentdetail.htm?contentguid=k7GrIDAS

Yet according to a 2008 report by HUD there is limited evidence to demonstrate the benefits of HUD's pre-purchase counseling.¹⁶

HUD spent **\$22 million** on travel costs in 2008. This includes the cost of rental cars, hotels and airline tickets.¹⁷

Newburgh, New York, spent **\$750,000** of HUD funds on an industrial park that was never built and another **\$450,000** to pay off a loan for a deadbeat developer. An audit by HUD's Office of the Inspector General found the city squandered \$2 million in grants that were supposed to help the poor and recommended penalties, including repayment of the money. HUD instead ignored the misuse of funds.¹⁸

The construction of America's Car Museum in Tacoma, Washington, will be funded with **\$3.5 million** HUD Section 108 loan.¹⁹

For the past five years, the city of Birmingham, Alabama, spent more than **\$784,000** in HUD funds on parties, such as "Neighborhood Fun Days," and alcohol license applications.²⁰

¹⁶ <http://blog.seattlepi.nwsourc.com/realestatenews/archives/154626.asp>

¹⁷ <http://www.govexec.com/features/0809-15/0809-15s6.htm>

¹⁸ <http://www.recordonline.com/apps/pbcs.dll/article?AID=/20090422/NEWS/904220364>

¹⁹ http://seattletimes.nwsourc.com/html/localnews/2009085152_apwalemayshort1stldwritethru.html

²⁰ http://blog.al.com/spotnews/2009/03/the_city_of_birmingham_will.html