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House Financial Services Committee FY2022 Reconciliation Legislation: In Brief

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House Financial Services Committee FY2022 Reconciliation Legislation: In Brief

On September 13 and 14, 2021, the House Financial Services Committee marked up and ultimately approved its reconciliation legislative recommendations pursuant to the directives in S.Con.Res. 14, the Concurrent Budget Resolution for FY2022. The committee's reconciliation legislation proposes more than $300 billion in new mandatory spending for programs and activities within its jurisdiction, primarily focused on affordable housing. These include funding for capital investments in existing housing, increasing affordable housing, and supporting homeownership. The legislation also contains several community and economic development spending provisions, as well as funding for related administrative infrastructure. In some cases, the legislation provides funding to existing programs, often with alternate requirements or expanded or altered purposes; in other cases, it creates new programs.

SUMMARY

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On September 13 and 14, 2021, the House Financial Services Committee marked up and ultimately approved its reconciliation legislative recommendations pursuant to the directives in S.Con.Res. 14, the Concurrent Budget Resolution for FY2022.

S.Con.Res. 14 directed committees in the House and the Senate to submit their legislative recommendations to each chamber's respective Budget Committee by September 15, 2021. The Budget Committees are then to package the committee responses into an omnibus budget reconciliation bill and report the measure to their respective chambers without "any substantive revision." (For more information, see CRS Report R46893, *S.Con.Res. 14: The Budget Resolution for FY2022*.)

This budget resolution and its resulting reconciliation package is one of two legislative initiatives developed in response to President Biden's American Jobs Plan infrastructure investment proposal. The first package—the Infrastructure Investment and Jobs Act—was passed by the Senate in August 2021. It contains new spending for a variety of transportation, energy, and water programs, among others. This second package, referred to as the Build Back Better Act and developed pursuant to S.Con.Res. 14, is designed to be broader in purpose and larger in terms of overall new spending than the first.

The committee's reconciliation legislation proposes more than $300 billion in new mandatory spending for programs and activities within its jurisdiction, primarily focused on affordable housing. These include programs and activities administered by the Department of Housing and Urban Development (HUD), the Department of Agriculture (USDA), the Department of the Treasury (Treasury), the Federal Emergency Management Agency (FEMA), the United States Interagency Council on Homelessness (USICH) and the Department of Commerce (Commerce). The remainder of this report briefly summarizes the legislation's provisions.

Overview

The House Financial Services Committee's reconciliation proposal primarily proposes new funding for various affordable housing-related programs and activities.[1] These include funding for capital investments in existing housing, increasing affordable housing, and supporting homeownership. The legislation also contains several community and economic development spending provisions, as well as funding for related administrative infrastructure. In some cases, the legislation provides funding to existing programs, often with alternate requirements or expanded or altered purposes; in other cases, it creates new programs.

A brief review of the provisions, grouped into thematic categories, is provided below; a summary of specific provisions, ordered by section number in the legislation, is provided in **Table 1**. (For more information about existing federal affordable housing programs and policies, see CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*.)

Capital Investments in Existing Housing

A number of the provisions contained in the House Financial Services Committee legislation would invest new resources in improving the physical condition of existing housing, particularly affordable housing or housing occupied by lower-income individuals and families. This includes

[1] While the Financial Services Committee has primary jurisdiction over federal housing programs and investments, other committees have jurisdiction over some aspects of federal housing policy; thus, their reconciliation packages may also include housing-related provisions. The House Ways and Means Committee has jurisdiction over tax policy, including housing-related tax provisions such as the Low Income Housing Tax Credit program.

a significant increase in funding for capital grants for public housing (§40001), grants to revitalize distressed multifamily housing (§40007), and grants to revitalize and preserve rural rental housing (§40008). Additional provisions would devote funding for identification and remediation of lead-based paint and other health hazards in housing (§40102) and for energy and water efficiency and related upgrades to existing HUD-assisted multifamily housing properties (§40006).

Increasing Affordable Housing

Several provisions would aim to increase the amount of available affordable housing, either through the creation of additional housing units that would be affordable to lower-income households or through rental assistance to defray the costs of renting existing housing. Funding provided to multiple programs could be used for the development (or preservation or rehabilitation) of affordable housing units for rental or homeownership, including the HOME program (with a set-aside of funding specifically for activities eligible under the Housing Trust Fund) (§40002); a new Housing Investment Fund (§40003); a new Community Restoration and Revitalization Fund (§40105); and some prioritization for housing activities under the Community Development Block Grant program (§40101).

Additional funding for capital grants and project-based rental assistance would be provided for the development of new housing units for persons with disabilities under the existing Section 811 program (§40004) and for persons age 62 and older under the Section 202 program (§40005). The legislation would also provide funding for new Section 8 project-based rental assistance contracts to be awarded to owners or developers of affordable multifamily properties (§40010).

Additionally, the bill would provide a significant increase in funding for new Housing Choice Vouchers (§40009), which subsidize the rents of low-income renters in the private market.

Supporting Homeownership

A number of provisions would provide funding for new or existing programs focused on supporting homeownership. Existing programs funded in the bill include certain single-family rural housing programs administered by USDA's Rural Housing Service (§40204) and HUD's Self-Help Homeownership Opportunity Program (SHOP), which supports "sweat equity" homeownership programs (§40205). New initiatives include funding for down payment and other homebuyer assistance for first-time, first-generation homebuyers (§40201); funding to facilitate greater availability of "small-dollar" mortgages no greater than $100,000 (§40203); and funding for a pilot "wealth-building home loan" to subsidize certain mortgages with 20-year terms for eligible first-time, first-generation homebuyers (§40202).

In addition, certain homeownership activities would be among the eligible uses of funds provided in other provisions—such as funding for HUD's HOME program (§40002), a new HUD Community Restoration and Revitalization Fund (§40105), and a new Housing Investment Fund at Treasury's Community Development Financial Institutions (CDFI) Fund (§40003).

Community and Economic Development

The legislation would also provide funding for community and economic development-related activities. For example, the Community Development Block Grant (CDBG) program would receive additional funding (§40101), and a new Unlocking Possibilities Program (§40103) would provide competitive grants to states and localities for planning and implementation of various

housing and land-use planning initiatives. Additional resources would also be provided for the Minority Business Development Agency (§40401) and State Small Business Credits (§40402).

Administrative Infrastructure

Nearly all of the provisions in the legislation include funding for the administrative costs of federal agencies in implementing the programs or activities. In addition, several provisions are designed solely to increase administrative capacity. For example, administration and capacity-building funding is provided for HUD and the USICH (§40301) as well as community-based nonprofits (§40302). Additional resources are provided for purposes of Fair Housing Act enforcement (§40106 and §40107), and additional funding (along with programmatic changes) is provided to support the National Flood Insurance Program (§40104).

Table 1 Summary of Provisions

(Dollars in billions)

Sec.	Title	Appropriation	Agency	Summary	CRS Contact
40001	Public Housing Investment	$80.00	HUD	Funding to local public housing authorities (PHAs) for capital grants (both formula-based and competitive) to rehabilitate existing public housing properties and for the development of new units of public housing.	Maggie McCarty, Specialist in Housing Policy
40002	Investments in Affordable and Accessible Housing Production	72.00	HUD	Funding for the HOME program, which provides formula grants to states and eligible local governments to use for a range of affordable housing activities, including both rental housing and homeownership. Of the total amount of HOME funding provided, $36.77 billion is to be allocated to states according to the Housing Trust Fund formula and used only for activities eligible under that program (primarily rental housing development for the lowest income households).	Katie Jones, Analyst in Housing Policy
40003	Housing Investment Fund[a]	10.00	Treasury	Funding for a new program administered by Treasury's Community Development Financial Institutions (CDFI) Fund to provide competitive grants to CDFIs or eligible nonprofits to develop, preserve, rehabilitate, finance, or purchase affordable housing.	Katie Jones, Analyst in Housing Policy
40004	Section 811 Supportive Housing for People With Disabilities	1.00	HUD	Funding for capital grants and project rental assistance for nonprofit grantees to develop units of housing for persons with disabilities through the Section 811 program. Funding is also available for the Section 811 Project Rental Assistance program administered through state housing finance agencies.	Libby Perl, Specialist in Housing Policy
40005	Section 202 Supportive Housing for the Elderly Program	2.50	HUD	Funding for capital grants and Section 8 project-based rental assistance for nonprofit grantees to develop units of housing for persons who are age 62 and older through the Section 202 program.	Libby Perl, Specialist in Housing Policy
40006	Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing	6.00	HUD	Funding for direct loans (which may be forgivable) and grants to improve energy and water efficiency or climate resilience in HUD-assisted multifamily housing properties funded through the Section 202, Section 811, and Section 8 project-based rental assistance programs.	Libby Perl, Specialist in Housing Policy Maggie McCarty, Specialist in Housing Policy

Sec.	Title	Appropriation	Agency	Summary	CRS Contact
40007	Revitalization of Distressed Multifamily Properties	4.00	HUD	Funding for direct loans (which may be forgivable) to make necessary physical improvements to distressed HUD-assisted multifamily housing properties funded through the Section 202, Section 811, Section 236, and Section 8 programs. Recipients would be required to extend affordability restrictions by 30 years.	Libby Perl, Specialist in Housing Policy Maggie McCarty, Specialist in Housing Policy
40008	Investments in Rural Rental Housing	4.80[b]	USDA	Funding for direct loans and grants for new construction, preservation, and rehabilitation (including energy and water efficiency and climate resilience upgrades) of rural rental properties under the Section 515 program and farm labor housing under the Section 514/516 program.	Maggie McCarty, Specialist in Housing Policy
40009	Housing Vouchers	75.00[c]	HUD	Funding for the creation of new Housing Choice Vouchers (including a set-aside for new vouchers for persons experiencing or at risk of homelessness, survivors of domestic violence, and victims of trafficking; and tenant protection vouchers for public housing residents), associated renewal costs, administrative fees, and landlord outreach and mobility activities. New vouchers are to be allocated to PHAs pursuant to a new formula established by the HUD Secretary, based on severe housing need among extremely low-income renters and PHA capacity.	Maggie McCarty, Specialist in Housing Policy
40010	Project-Based Rental Assistance	15.00	HUD	Funding for new project-based rental assistance contracts to be awarded to owners/developers of affordable multifamily housing properties, to be distributed as determined by the HUD Secretary.	Maggie McCarty, Specialist in Housing Policy
40011	Investments in Native American Communities	2.00	HUD	Funding for multiple existing programs that support a variety of tribal housing and community development activities; namely, Indian Housing Block Grant (IHBG) formula and competitive grants, Indian Community Development Block Grants, and the Native Hawaiian Housing Block Grant.	Katie Jones, Analyst in Housing Policy
40101	Community Development Block Grant Funding for Affordable Housing and Infrastructure	8.50	HUD	Funding for the Community Development Block Grant program (CDBG), with a newly structured set-aside for colonias (certain U.S.-Mexico border communities)—as well as funding for technical assistance and agency program administrative costs—and for new competitive grants to support manufactured home communities. Additional flexibility for new housing construction activities is available for certain funding recipients.	Joe Jaroscak, Analyst in Economic Development Policy

Sec.	Title	Appropriation	Agency	Summary	CRS Contact
40102	Lead-Based Paint Hazard Control And Housing-Related Health and Safety Hazard Mitigation in Housing of Families With Lower Incomes	10.00	HUD	Funding for grants to states, localities, tribes, and nonprofits—as well as some funding for owners of federally subsidized housing—for lead-based paint inspection, controls, and abatement, as well as testing and mitigation of other housing-related health and safety hazards, among other purposes, with resources targeted to serving lower-income households.	Maggie McCarty, Specialist in Housing Policy
40103	Unlocking Possibilities Program	4.50	HUD	Funding for new competitive grants for planning and implementation activities related to state and local housing policy and zoning regulations. Eligible entities include CDBG grantees and regional planning agencies or consortia.	Joe Jaroscak, Analyst in Economic Development Policy
40104	Strengthening Resilience Under National Flood Insurance Program	4.00[h]	FEMA	Cancels all outstanding National Flood Insurance Program (NFIP) debt to the Treasury and directs FEMA to use any savings accruing from this debt cancellation, including any amounts of interest avoided from such cancellation, only for deposit in and use under the National Flood Insurance Reserve Fund (42 U.S.C. §4017a). The NFIP currently owes $20.525 billion to the Treasury.[d] Funding of $3 billion to the NFIP for its existing flood hazard mapping and risk analysis program, to supplement other amounts appropriated, and to remain available until expended. Funding of $1 billion to the NFIP for a new means-tested affordability program to provide discounts to eligible NFIP policyholders for insurance costs, to remain available until September 30, 2026.[e]	Diane Horn, Analyst in Flood Insurance and Emergency Management
40105	Community Restoration and Revitalization Fund	7.50	HUD	Funding for new competitive grants to partnerships of eligible entities for planning and implementing a variety of eligible activities related to housing and civic infrastructure. The activities include those eligible under HUD's CDBG program and additional enumerated uses, as well as a set-aside of funding to support community land trusts.	Joe Jaroscak, Analyst in Economic Development Policy Katie Jones, Analyst in Housing Policy
40106	Fair Housing Activities and Investigations	1.00	HUD	Funding for the Fair Housing Initiatives Program for eligible fair housing organizations to expand capacity to accept and investigate complaints, conduct testing, and provide education and outreach, among other activities.	Libby Perl, Specialist in Housing Policy
40107	Intergovernmental Fair Housing Activities and Investigations	0.25	HUD	Funding for Fair Housing Assistance Program grantees to increase capacity to enforce state and local fair housing laws that are substantially equivalent to the federal Fair Housing Act, and to assist grantees in affirmatively furthering fair housing.	Libby Perl, Specialist in Housing Policy

Sec.	Title	Appropriation	Agency	Summary	CRS Contact
40201	First-Generation Down payment Assistance	10.00	HUD	Funding for a new program to provide formula grants to states and competitive grants to eligible entities to use for down payment and other assistance for eligible first-time, first-generation homebuyers.	Katie Jones, Analyst in Housing Policy
40202	Wealth-Building Home Loan Program	0.50	HUD and USDA, with Treasury	Funding to support a pilot program to subsidize mortgages with 20-year repayment terms, but monthly payments similar to those on a 30-year mortgage, that are insured by the Federal Housing Administration (FHA) or guaranteed by USDA for eligible first-time, first-generation homebuyers.	Katie Jones, Analyst in Housing Policy
40203	HUD-Insured Small Dollar Mortgage Demonstration Program	0.10	HUD	Funding for HUD to increase access to single-family mortgages with original principal balances of $100,000 or less that are insured by FHA or guaranteed by HUD's Section 184/184A programs. HUD can use funding for loan subsidy costs and for other activities intended to increase access to such mortgages.	Katie Jones, Analyst in Housing Policy
40204	Investments in Rural Homeownership	0.20[f]	USDA	Funding for Section 502 Direct Home Loans, Section 504 Housing Repair Grants (with certain adjustments to eligibility criteria and allowable uses), and Section 523 Mutual Self-Help Housing Grants.	Katie Jones, Analyst in Housing Policy
40205	Self-Help Homeownership Opportunity Program (SHOP)	0.05	HUD	Funding for SHOP, which provides competitive grants to eligible organizations to support sweat equity homeownership programs.	Katie Jones, Analyst in Housing Policy
40301	Program Administration, Training, Technical Assistance, and Capacity Building, and USICH	2.00	HUD and USICH	Funding primarily for administrative costs of HUD in implementing programs funded through the reconciliation package and HUD programs generally, and for training, technical assistance, and capacity building. Amounts are also provided to the USICH and HUD's Office of Inspector General to carry out their functions.	Libby Perl, Specialist in Housing Policy Maggie McCarty, Specialist in Housing Policy
40302	Community-Led Capacity Building	0.10	HUD	Funding for new competitive grants to non-federal entities with capacity for providing technical assistance to local nonprofit community development organizations including, but not limited to, community land trusts and community development corporations. Eligible activities include the provision of technical assistance and training, predevelopment assistance grants, and other activities as determined by the HUD Secretary.	Joe Jaroscak, Analyst in Economic Development Policy

Sec.	Title	Appropriation	Agency	Summary	CRS Contact
40401	Minority Business Development Agency	3.10[g]	Commerce	Funding for new and existing Business Centers and Specialty Centers and the creation of new rural Business Centers. Funding for the following new activities: the establishment of five regional Minority Business Development Agency (MBDA) offices; an annual forum on capital formation; a new technical assistance program for small, underserved manufacturers; a grant program for minority-serving institutions to support entrepreneurship curricula; and a grant program for eligible business enterprises and nonprofits to address gaps in access to capital, assist with startup costs, or support business expansion.	Julie Lawhorn, Analyst in Economic Development Policy
40402	Manufacturing Facility	1.00	Treasury	Provides for additional payments to states, made proportionally to their nationwide share of manufacturing jobs lost in the last 30 years, for programs that promote economic competitiveness and invest in manufacturing technology or clean energy, and for other purposes.	Grant Driessen, Specialist in Public Finance

Source: Table prepared by CRS based on the text of the Amendment in the Nature of a Substitute to the Committee Print, as approved by the House Financial Services Committee and posted on its website at https://financialservices.house.gov/uploadedfiles/hmkp-117-ba00-20210913-sd004.pdf.

Notes: Funds are available through FY2031, unless otherwise noted.

a. The Housing Investment Fund would be a newly established fund, but it would be similar in many ways to the existing Capital Magnet Fund, which is also administered by the Treasury's CDFI Fund.

b. Most funds are available until expended; some funding is available through FY2024.

c. Funding used for new, incremental vouchers is to be allocated annually from FY2022 through FY2026.

d. The language in the bill directs the cancellation of all NFIP debt rather than a specific amount. The amount indicated is not appropriation but a cancellation of program debt, which will score as an additional budget authority. See CRS Insight IN10784, *National Flood Insurance Program Borrowing Authority*, by Diane P. Horn; and Congressional Budget Office (CBO), *CBO Estimate for H.R. 2266, With An Amendment - The Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, As Posted on the House Document Repository on October 11, 2017*, https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr2266amend.pdf.

e. FEMA does not currently have the authority to implement an affordability program, which would require congressional action.

f. Funding available until expended.

g. Funding has periods of availability ranging from through FY2026 through FY2029.

h. Most funds are available until expended; some are available through FY2026.

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