

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office Public and Indian Housing

SALARIES AND EXPENSES

(Dollars in Thousands)

	2022*	2023			2024		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
Personnel Services	\$229,040	\$17,824	\$240,988	\$258,812	\$8,318	\$285,038	\$293,356
Non-Personnel Services							
Travel	645	-	3,509	3,509	-	1,858	1,858
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	33	-	11	11	-	6	6
Printing	4	-	9	9	-	5	5
Other services/Contracts	4,393	-	8,322	8,322	-	4,402	4,402
Training	1,002	-	1,100	1,100	-	581	581
Supplies	180	-	50	50	-	26	26
Furniture and Equipment	78	-	70	70	-	37	37
Claims and Indemnities	-	-	160	160	-	85	85
Total, Non-Personnel Services	\$6,335	-	\$13,231	\$13,231	-	\$7,000	\$7,000
Working Capital Fund	12,274	-	15,663	15,663	-	2,397	2,397
Carryover	17,824	-	8,318	8,318	-	565	565
Grand Total	\$265,473	\$17,824	\$278,200	\$296,024	\$8,318	\$295,000	\$303,318
FTEs	1,360	101	1,366	1,467	45	1,537	1,582

*Includes 2021 Carryover

PROGRAM PURPOSE

The central mission of the Office of Public and Indian Housing (PIH) is to provide nearly 3.5 million of the country's most vulnerable households a safe, decent and affordable place to call home, while simultaneously supporting the Administration's priorities to: strengthen and broaden the Federal housing safety net for people in need; advance housing equity as a means to improving housing choices and greater economic opportunity; strengthen HUD's internal institutional capacity to deliver on mission; increase the production of and access to affordable housing; and promote climate resiliency, environmental justice, and energy efficiency across the housing sector.

PIH currently partners with more than 3,700 public housing agencies (PHAs) and almost 600 sovereign tribal nations to: increase capacity; administer, operate, and improve their housing inventories; effectively manage their physical assets and financial resources; and facilitate programs that provide supportive services to improve tenant outcomes and create strong, sustainable, energy efficient, inclusive communities and quality affordable homes for all.

HUD will improve upon the health and safety of assisted housing, enhance energy and water efficiency in our most distressed low-income communities, and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in PIH's salaries and expenses will spur that work and HUD's day to day operations forward.

BUDGET OVERVIEW

The 2024 President's Budget requests \$295 million for PIH Salaries and Expenses (S&E), which is \$16.8 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of \$303.3 million, \$7.3 million above 2023 total funding. PIH has implemented hiring strategies, which include recruiting talent, sustaining the workforce, and accelerating hiring, all of which will extend into 2024. These hiring strategies have culminated in a year-over-year net gain of 100 employees at the beginning of 2023, the highest number of employees since 2016. In 2024, PIH will continue to grow staff levels by an additional 115 FTEs.

Personnel Services (PS)

The Budget assumes total funding of \$293.4 million for PS, \$34.5 million above 2023 total funding. This funding will support 1,582 full-time equivalents (FTEs), 115 FTEs above the 2023 total funding level.

This budget supports a 5.2 percent Federal pay increase. The FTE allocations for each PIH program office will be administered based on the criticality of the position to be filled and mission requirements. To fully support the Agency's commitment to Administration and Departmental goals, PIH will maximize resources that improve the quality, safety, and accessibility of affordable housing for low-income residents and strengthen HUD's internal institutional capacity and efficiency to deliver on its mission.

The Office of Field Operations (OFO): OFO will support the Department's goals and the Federal Government's priorities by monitoring and providing technical assistance and guidance to approximately 3,700 PHAs. Local OFO employees are the first point of contact for PHAs, residents, political officials, State and local government officials, and community stakeholders supporting the Department's goal to ensure delivery of HUD's mission on the ground. OFO's current staff is situated in headquarters and 44 field office locations.

In 2024, OFO will carry out its existing responsibilities to provide oversight and monitoring to improve PHA performance and enhance the quality of public housing. The additional staff will sustain program expansion and ensure families continue to have access to safe, decent, and affordable housing. OFO will partner with PHAs to evaluate capital needs and implement mitigation strategies that reduce long-term vacancies; increase Housing Choice Voucher (HCV) utilization; and improve public housing occupancy. All of these efforts directly impact the Department's goals to increase access to affordable housing for more families; assist PHAs with disaster management and recovery; and manage and oversee the prevention, recovery, and transformation of troubled and high risk PHAs faced with receivership, monitorship, default, financial insolvency, and substandard housing.

The Office of Native American Programs (ONAP): ONAP's mission is to ensure that safe, decent, and affordable housing is available to low- and middle-income Native American, Alaska Native, and Native Hawaiian families; create economic opportunities for Tribes and their residents in assisted housing; help Tribes plan community development; and ensure fiscal integrity in the operation of the programs.

ONAP administers a full range of programs to tribal communities similarly to those administered to the public at the Department level. ONAP administers 17 programs dedicated to American Indian and Alaska Native communities, and three programs dedicated to Native Hawaiians residing in Hawaii. Over the course of the past few years, several new programs have been created and are administered by ONAP, including those funded by the more than \$1 billion enacted in CARES and ARP. Each of ONAP's programs have unique reporting, grant administration, and monitoring requirements.

Each year, ONAP guarantees thousands of mortgage loans. ONAP staff review each loan to ensure compliance with program statutes, regulations, and guidelines. They also monitor lender performance in order to determine if a lender is eligible for reimbursement in the event a claim is filed for a mortgage default. These critical activities make it possible for the loans to be sold on the secondary market, which ensures continued access to mortgage capital in Indian Country.

In accordance with President Biden's Memorandum on Strengthening Nation-to-Nation Relations and under the direction of Secretary Fudge, ONAP has launched the Department's first Tribal Intergovernmental Advisory Committee (TIAC), with inaugural meetings starting in 2023. ONAP has also established the Department's Tribal Consultation Plan of Action, which calls for deeper engagement with Tribes, and takes the lead by serving on the White House Council on Native American Affairs.

The Office of Public Housing and Voucher Programs (OPHVP): OPHVP supports the Administration's priority to strengthen and broaden the Federal housing safety net for people in need. OPHVP administers the Housing Choice Voucher (HCV) Program and is also responsible for the development and management of public housing policy (including energy policy, management and operations, and public housing operating funding). Additional OPHVP staff will manage a public housing and HCV program portfolio greater than \$30 billion and is responsible for distributing over \$3 billion per month to PHAs, which ensures over 3 million families are housed in decent, safe, and affordable units.

Further, the additional staff will support the influx of \$565 million to the HCV account which will sustain approximately 50,000 new incremental vouchers, in addition to 130,000 vouchers that could be supported from non-Moving to Work (MTW) and MTW program reserves. The allocation for the incremental vouchers will positively impact rural, suburban, and urban areas that demonstrate extremely low-income and very low-income renter households. This funding will also support the Project Based Voucher program, which has expanded over the past few years, and public housing support initiatives (e.g., funding for PHAs at risk of operating fund shortfalls and for Energy Benchmarking). OPHVP staff will continue to develop and implement major systems: the Enterprise Voucher Management System (eVMS) for HCV and the Operating Fund Portal for public housing. Lastly, funding will be used to implement major regulatory initiatives that fundamentally change the programs, such as the Housing Opportunities Through Modernization Act (HOTMA) final rule(s) on income, assets, and project-based vouchers.

Additionally, the Budget includes a separate mandatory housing proposal to provide \$22 billion over 10 years to expand vouchers for extremely low-income veteran households and youth transitioning from foster care (please see the Mandatory Affordable Housing Programs Congressional Justification); the mandatory proposal includes funding for S&E to support the Budget.

The Office of Public Housing Investments (OPHI): OPHI staff analyze, review, and approve transactions that serve to refinance public housing toward the objectives of long-term physical and financial stability. Moreover, staff strengthen and broaden the Federal housing safety net for people in need and further the implementation and operation of self-sufficiency programs designed to

advance economic opportunities for residents in public housing. OPHI staff will support the following program augmentations:

- Continue expansion in size and scope of non-formula Capital Fund grants while addressing increased funding complexity under the Public Housing Capital Fund, including development and implementation of a competitive grant program that is new for 2024.
- HUD issued a Family Self Sufficiency (FSS) Final Rule in June 2022 that expands eligibility to multifamily owners along with public housing and voucher programs. This Rule will be implemented in 2023 with downstream impacts to families, as their eligibility expands beyond the head of household to all adult household members.
- Continue implementation of Choice Neighborhoods, a critically important initiative for comprehensive neighborhood revitalization, with a budget of \$185 million.
- Conclude the 100-PHA expansion in the Moving to Work Demonstration program, from 39 agencies to up to 139, representing a 250+ percent increase in the program in less than three years.

The Real Estate Assessment Center (REAC): REAC staff supports the expansion of performance evaluation and risk assessment capabilities as described in the Operational Performance Evaluation and Risk Assessment (OPERA) account justification. The expansion includes additional quality assurance inspectors to perform an increased volume of quality assurance and other types of physical inspections, conduct research, analysis and evaluation of program outcomes using evidence-based and scientific principles, resulting in real-time inputs to decision makers throughout the Department. The additional staff levels will also provide oversight and monitoring of major business initiatives, including modernizing PIH's IT systems, making improvements to legacy systems, and transitioning external and internal users from the legacy systems to the new systems.

The Office of Operations (OPS): OPS staff provide operational support to PIH's five program offices to achieve the Administration's priorities and effectuate the Department's goal to strengthen HUD's internal institutional capacity and efficiency to deliver on its mission. In addition, OPS staff provide the foundational support functions of a \$40.7 billion budget and financial management program. OPS supports the following tasks: 1) funds control and execution, 2) compliance oversight, 3) procurement and contract management, 4) cooperative agreements, 5) data analysis, report evaluation and assessment, 6) audit remediation, resolution, and risk reviews, 7) technical assistance oversight, 8) reverse auction program, 9) indirect cost rate analysis, and 10) human resources with an oversight of approximately 1,500 employees. More specific roles and tasks include on-boarding needs and hiring actions, training to include professional development programs, travel, technical assistance, correspondence, performance management, and employee labor relations services. Lastly, staff develops and conducts proactive trainings for managers and supervisors with the objective of avoiding future litigation and provides oversight of settlement and litigation expenses with the intent of reducing the costs associated with those actions.

Non-Personnel Services (NPS)

The Budget assumes total funding of \$7 million for PIH's non-personnel services (NPS), \$6.2 million below 2023 total funding. The reduced funding needs in NPS allow PIH to divert needed resources to personnel services sustaining human capital development and strengthen management and communication of program metrics and goals. The NPS funding level requested will support contract services, streamline resources in travel and training, and other NPS to support the Administration's housing goals and PIH's hiring strategy for a more robust investment in additional FTEs as described above. The Budget will continue to provide assistance and advisory services, audits, technical

assistance, program oversight, monitoring and analysis, risk mitigation, and system sustainment and maintenance.

Additionally, the funding will procure contract services for program management support along with effective workforce and succession planning strategies and measures. This will be specifically aimed to help PIH fundamentally retool organizational functions which will improve customer service and reduce operational costs. In addition, the requested NPS will ensure PIH meets the Administration's priorities in the following ways:

OFO: Funding will support specific activities associated with PHAs in receivership, as well as troubled and high-risk PHAs. Contract support will enable staff to serve in a variety of positions, including as a HUD assigned Recovery Administrator, key management positions, and other PHA positions to accomplish tasks and activities associated with chronic performance issues. For receivership, troubled, and high-risk PHAs, services will include activities such as property and asset management, functions associated with occupancy and unit turnaround, maintenance and modernization, capital planning, financial management, procurement, resident services, and tenant file management. Contract support will help to ensure PHAs are meeting intended goals and decrease the amount of time a PHA is in receivership, troubled, or substandard status.

ONAP: Funding for ONAP will provide travel and contract support to administer the Indian Housing Block Grant competitive program. Additionally, ONAP staff will conduct onsite monitoring, provide in-person technical assistance, and conduct in-person tribal consultation.

OPHVP: Funding for OPHVP procurement actions will support specific activities including improvement to and sustainment of Energy Performance Contracts and Small Rural Frozen Rolling Base application reviews; oversight and monitoring in support of the President's climate resiliency goals; change management for public housing and HCV programs (e.g., eVMS and the new Operating Fund Web Portal); insurance support and project expense level appeal reviews; comprehensive training for HUD staff to implement HOTMA income and asset calculations, Operating Fund Web Portal and eVMS; and implementation of processes and systems that allow for ease of information sharing and communication with customers and stakeholders.

REAC: Funding supports non-inspection related travel and for IMS/PIC business support to perform data collection and report generation from HUD field offices and business partners. In addition, funding will be used for on-line access to the Department of Homeland Security, U.S. Citizenship & Immigration Services (USCIS) Systematic Alien Verification of Entitlement (SAVE) Program, Verification Information System (VIS) for confirming citizenship or eligible immigration status of those persons applying for housing assistance.

Working Capital Fund (WCF)

The 2024 WCF funding level is \$15.7 million, a portion of which is planned to be forward funded in 2023. The 2024 WCF funding level is \$2.8 million above the 2023 funding level. The Budget assumes \$2.4 million in forward funding in 2024. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices Scanning and Archiving Services business lines.

Information Technology (IT)

Within the Information Technology Fund, the Budget requests \$3.7 million to support the PIH Modernization (EIV Modernization & HUDCAPS Section 8) and the Disaster Tracking System.

PIH Modernization (EIV Modernization & HUDCAPS Section 8) - \$1.1 million: This project encompasses and funds two efforts partially funded in the Consolidated Appropriations Act, 2023: Enterprise Income Verification (EIV) modernization and HUDCAPS Section 8.

The purpose of these investments, by project, are:

- *EIV Modernization - \$418 thousand:* EIV modernization will allow HUD to modernize its EIV system which was developed approximately 20 years ago as a custom-built application used to verify both prospective and existing HUD housing applicants' income and assets to ensure their eligibility for rental assistance. EIV has been a vital system used by Public Housing Agencies (PHAs) and other HUD rental housing providers for HUD's compliance with the Payments Integrity Information Act (PIIA), of which HUD is non-compliant. Specifically, this investment will allow for the creation of an entirely new application with many new and critical functions including integration with the Housing Information Portal (HIP), which is the replacement for PIH's Inventory Management System-Public Housing Information Center (IMS-PIC) and application programming interfaces (APIs) that will allow for potentially daily data exchanges with partner Federal agencies that provide income and asset data used for income verification, including, but not limited to: the Social Security Administration, Department of Health and Human Services Office of Child Support Enforcement, and the Internal Revenue Service.
- *HUDCAPS Section 8 - \$684 thousand:* The HUDCAPS Section 8 IT modernization effort will continue to focus on ensuring key accounting events and the disbursements of subsidy payments are migrated from the HUD Central Accounting Program System (HUDCAPS) and are properly interfaced with HUD's General Ledger. This is a requirement for retiring HUDCAPS (a legacy, but vital mainframe application). HUDCAPS disburses approximately \$27 billion in Housing Assistance Payment (HAP) and Administrative Fees (Admin Fee) for TBRA annually. The IT knowledge base of HUDCAPS (ongoing operations and maintenance support) is extremely limited and shrinking quickly, creating potential risk that HUD may not be able to support HUDCAPS, risking payments to PHAs and owners/landlords of voucher units. This effort will integrate with PIH's new Enterprise Voucher Management System (EVMS), which automates the calculation, but does not disburse HAP and Admin Fee payments with the recording of the financial activity and the disbursement of funds. The integration of EVMS and this new solution is one element that will enable the Department to reduce its reliance on the legacy HUDCAPS system. This will allow for the Department to move closer to its goal of decommissioning HUDCAPS.

Disaster Tracking System - \$2.6 million: There are 150 to 250 disasters that affect HUD-assisted families each year. The existing process for gathering and analyzing data is manual, labor intensive, prone to reporting delays, and fragmented across different parts of HUD. This IT investment will provide an automated, streamlined workflow, reporting, and tracking mechanism. It will enable HUD to better visualize disaster impacts on assisted families and properties across the United States, quickly identify resources such as alternative/temporary housing, and efficiently deploy those resources to mitigate the disasters' effects. This automated platform could serve as the foundation for a HUD-wide disaster reporting system that shows all HUD-assisted families and properties in one dashboard for a coordinated, agency-wide approach to each disaster.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

KEY OPERATIONAL INITIATIVES

Efficiencies, Initiatives, or other Strategic Operational Improvements

The reorganization of REAC and the development of an Office of Resident Services are PIH's key operational initiatives.

REAC: provides its customers with independent, actionable assessments that advance risk-informed decisions about the condition of the Nation's affordable housing portfolio. REAC is modernizing its approach to assessments and portfolio management and is seeking to use adaptations to its structure and job design as levers to institutionalize the changes. The organization is undergoing a human capital assessment to inform a reorganization that aligns with the mission. REAC opted for a phased approach to this effort, in three key areas: 1) Evaluation of the current organization structure and proposed future state; 2) Organization design recommendations for the future state; and 3) Development of a transformation plan that identifies considerations for moving REAC from the current state to the future state. PIH expects the reorganization to be complete by 2025.

Office of Resident Services: In an effort to better promote economic opportunity for HUD-assisted residents by encouraging self-sufficiency and financial stability and better align supportive services functions and workload in HUD, PIH is consolidating the support services offices under a single Deputy Assistant Secretary (DAS) for Resident Services. The elevation of this function to the DAS level allows the coordination of Resident Services not only across PIH but the entire Department. This consolidation includes the following: 1) Community and Supportive Services, and 2) Office of Policy, Program, and Legislative Initiatives (OPPLI). Including OPPLI within this structure provides not only resources dedicated to this work, but also provides policy review through the lens of Resident Services. Planning for this reorganization will start in 2023 and will extend through 2024.