

Housing

The President's 2007 Budget continues the successful pro-growth policies that have encouraged robust economic growth and job creation. A strong economy, together with spending restraint, is critical to reducing the deficit. The Budget builds on last year's successful spending restraint by again holding the growth of overall discretionary spending below inflation, proposing to reduce non-security discretionary spending below the previous year's level, and calling for the elimination or reduction of programs not getting results or not fulfilling essential priorities. Like last year, the budget proposes savings and reforms to mandatory spending programs, whose unsustainable growth poses the real long-term danger to our fiscal health.

President Bush believes that expanding homeownership – especially for minority and low-income buyers – is necessary to give more people a stake in the American dream. In June 2002, the President set a goal to achieve 5.5 million new minority homeowners by 2010. Since the President announced this goal, nearly 2.5 million minority families have become new homeowners. The President is also committed to working with State and local governments to end chronic homelessness. In the past three years, more than 50,000 new units of permanent supportive housing have been created for those who have been living on the streets or in shelters. The FY 2007 Budget continues to advance these goals, while also supporting equal opportunity, helping homebuyers avoid predatory lending practices, and reforming community development funding.

The President's 2007 Budget:

- Continues and strengthens the commitment to end chronic homelessness by increasing Homeless Assistance grants and continuing the Samaritan Initiative.
- Reforms the Community Development Block Grant and other Federal economic and community development programs to make these programs more targeted and effective.
- Increases minority homeownership through the American Dream Downpayment Initiative, the HOME block grant program, homeownership counseling, and proposals to strengthen and reform the Federal Housing Administration mortgage insurance program.
- Increases funds and proposes reforms for the Housing Voucher program, which helps approximately two million low-income families pay the rent or afford a mortgage.

The President set a goal in 2002 to create 5.5 million new minority homeowners by 2010, and his FY 2007 Budget supports several programs that keep us on pace to achieve that goal, including:

- \$45 million for Housing Counseling to prepare families for homeownership, help them avoid predatory lending practices, and help current homeowners avoid default.
- \$100 million for the American Dream Downpayment Initiative, which provides grants to help lower-income families make down payments on their first homes. Since 2004, HUD has distributed \$211 million in down payment funds, helping nearly 10,000 families purchase their first homes by providing down payment, closing cost, and other home-buying assistance.
- \$120 million in funding for the Neighborhood Reinvestment Corporation. The Corporation, a public nonprofit organization chartered by the Congress in 1978, works through its

Neighborworks local partners across the country to expand homeownership, financial fitness, and affordable housing opportunities.

The President's Budget also includes:

- \$1.9 billion for the HOME Investment Partnerships program in 2007, a nine-percent increase over 2006. The HOME program works toward creating affordable housing for low-income families by providing block grants to States and localities so that they can fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or provide direct rental assistance to low-income people.
- \$45 million to support Fair Housing and Equal Opportunity activities to help ensure that Americans have equal access to the housing of their choice.
- Over \$1.5 billion for HUD's Homeless Assistance grants, an increase of \$174 million over 2006. This increase will help create and run approximately 12,000 new units of supportive housing across the country for the chronically homeless. These units will be in addition to the 50,000 units that have been created through the Samaritan Initiative and the efforts of State, local, private and other Federal programs. Up to \$200 million will be available for the Samaritan Initiative within the Homeless Assistance Grants annual competition.
- Proposed reforms to strengthen the Community Development Block Grant (CDBG) program. With this reform, more of CDBG's base funding would be directed to communities that cannot meet their own needs; bonus funds would be awarded to those who demonstrate the greatest progress in expanding ownership and opportunity for their residents.