

Reconciliation Recommendations of the House Committee on Financial Services			
As ordered reported on September 14, 2021			
By Fiscal Year, Millions of Dollars	<u>2022</u>	<u>2022-2026</u>	<u>2022-2031</u>
Direct Spending (Outlays)	11,707	180,516	311,546
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	11,707	180,516	311,546
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any year after 2031?	Yes	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
CBO has not reviewed the legislation for effects on spending subject to appropriation.			

S. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2022, instructed some committees of the House of Representatives to recommend legislative changes, which would increase deficits up to a specified amount over the 2022-2031 period. As part of this reconciliation process, the House Committee on Financial Services approved legislation on September 14, 2021, with provisions that would increase deficits.

The legislation would provide funding to the Departments of Housing and Urban Development (HUD) and Agriculture (USDA) to expand affordable housing by investing in public housing and rental properties, providing rental assistance, and making grants to assist certain low-income home buyers to obtain mortgages. The bill also would provide funding to the Department of the Treasury

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437; *How CBO Prepares Cost Estimates*, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.



to support affordable housing for low-income families, the Small Business Administration to support minority and small businesses, and the Federal Emergency Management Agency for the National Flood Insurance Program.

The legislation would provide the following amounts for the specified activities:

- \$241 billion for programs to expand affordable housing for low-income communities by constructing and rehabilitating public housing, rental properties, and homes and by providing rental assistance;
- \$37 billion for subsidies, capital advances, and grants to states and property owners that invest in affordable housing in low-income communities and provide supportive services to people with disabilities and to the elderly;
- \$36 billion for direct loans and grants to rehabilitate multifamily properties, improve energy and water efficiency, update flood-risk maps to provide means-tested discounts for certain households, and for programs to support minority and small businesses; and
- \$11 billion for programs to support certain low-income borrowers to obtain mortgages through down payment support and by offering certain mortgages with below market interest rates.

In total, the committee's reconciliation recommendations would appropriate \$325 billion in budget authority to new and existing programs—a substantial increase in funding for those activities. As a result, CBO's estimates of the rate at which federal agencies, states and localities, and other entities would spend those new funds is subject to considerable uncertainty, as is the question of whether those entities could spend all of the new funds within the allotted time.

Based on historical spending patterns for similar programs, CBO expects that a portion of the amounts appropriated for some programs would not be spent and for other programs would be spent after 2031. CBO estimates that enacting the legislation would increase the deficit by \$312 billion over the 2022-2031 period.

The costs of the legislation, detailed in Table 1, fall within budget functions 370 (commerce and housing credit), 450 (community and regional development), 600 (income security) and 700 (veterans benefits and services).



The CBO staff contacts for this estimate are:

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The estimate was reviewed by Justin Humphrey, Chief of the Finance, Housing, and Education Cost Estimates Unit, H. Samuel Papenfuss, Deputy Director of Budget Analysis, and Theresa Gullo, Director of Budget Analysis.

Table 1.
Estimated Budgetary Effects of the Reconciliation Recommendations of the House Committee on Financial Services

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
Increases or Decreases (-) in Direct Spending													
Sec. 40001 Public Housing Investments													
Budget Authority	80,000	0	0	0	0	0	0	0	0	0	0	80,000	80,000
Estimated Outlays	2,415	7,323	14,630	16,463	15,248	8,000	4,830	4,008	3,473	1,435		56,079	77,825
Sec. 40002 Investments in Affordable and Accessible Housing Production													
Budget Authority	72,000	0	0	0	0	0	0	0	0	0	0	72,000	72,000
Estimated Outlays	31	2,202	3,669	7,218	12,208	12,208	7,195	8,619	8,603	3,595		25,328	65,548
Sec. 40003 Housing Investment Fund													
Budget Authority	10,000	0	0	0	0	0	0	0	0	0	0	10,000	10,000
Estimated Outlays	120	360	720	1,200	1,600	1,800	1,600	1,200	1,000	400		4,000	10,000
Sec. 40004 Section 811 Supportive Housing for People with Disabilities													
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	0	1,000	1,000
Estimated Outlays	82	200	245	195	100	55	41	32	30	20		822	1,000
Sec. 40005 Section 202 Supportive Housing for the Elderly Program													
Budget Authority	2,500	0	0	0	0	0	0	0	0	0	0	2,500	2,500
Estimated Outlays	250	500	500	375	250	250	125	125	75	50		1,875	2,500
Sec. 40006 Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing													
Budget Authority	6,000	0	0	0	0	0	0	0	0	0	0	6,000	6,000
Estimated Outlays	90	305	600	870	1,075	995	755	515	345	240		2,940	5,790
Sec. 40007 Revitalization of Distressed Multi-Family Properties													
Budget Authority	4,000	0	0	0	0	0	0	0	0	0	0	4,000	4,000
Estimated Outlays	43	173	373	513	573	653	513	453	283	198		1,675	3,775
Sec. 40008 Investments in Rural Rental Housing													
Budget Authority	4,800	0	0	0	0	0	0	0	0	0	0	4,800	4,800
Estimated Outlays	79	219	284	374	604	724	704	584	404	324		1,560	4,300

continued

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Increases or Decreases (-) in Direct Spending													
Sec. 40009 Housing Vouchers													
Budget Authority	75,000	0	0	0	0	0	0	0	0	0	0	75,000	75,000
Estimated Outlays	3,326	5,719	7,704	10,547	9,651	8,793	8,063	7,334	7,296	6,566		36,947	74,999
Sec. 40010 Project-Based Rental Assistance													
Budget Authority	15,000	0	0	0	0	0	0	0	0	0	0	15,000	15,000
Estimated Outlays	3,000	3,024	3,000	3,000	2,976	0	0	0	0	0	0	15,000	15,000
Sec. 40011 Investments in Native American Communities													
Budget Authority	2,000	0	0	0	0	0	0	0	0	0	0	2,000	2,000
Estimated Outlays	400	409	209	204	200	196	191	191	0	0	0	1,422	2,000
Sec. 40101 CDBG Funding for Affordable Housing and Infrastructure													
Budget Authority	8,500	0	0	0	0	0	0	0	0	0	0	8,500	8,500
Estimated Outlays	83	895	2,188	2,508	1,014	410	182	134	43	33		6,688	7,490
Sec. 40102 Lead-Based Paint Hazard Control and Housing-Related Health and Safety Hazard Mitigation in Housing with Families with Lower Incomes													
Budget Authority	10,000	0	0	0	0	0	0	0	0	0	0	10,000	10,000
Estimated Outlays	50	300	700	1,000	1,500	1,700	1,000	900	800	500		3,550	8,450
Sec. 40103 Unlocking Possibilities Program													
Budget Authority	4,500	0	0	0	0	0	0	0	0	0	0	4,500	4,500
Estimated Outlays	896	1,344	900	902	452	4	2	0	0	0	0	4,494	4,500
Sec. 40104 Strengthening Resilience Under National Flood Insurance Program													
Budget Authority	4,000	0	0	0	0	0	0	0	0	0	0	4,000	4,000
Estimated Outlays	140	300	560	760	530	450	450	360	300	150		2,290	4,000
Sec. 40105 Community Restoration and Revitalization Fund													
Budget Authority	7,500	0	0	0	0	0	0	0	0	0	0	7,500	7,500
Estimated Outlays	85	500	900	1,350	1,600	1,300	1,000	500	100	15		4,435	7,350

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Increases or Decreases (-) in Direct Spending													
Sec. 40106 Fair Housing Activities and Investigations													
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	1,000	1,000	
Estimated Outlays	10	32	71	117	156	171	158	121	77	47	386	960	
Sec. 40107 Intergovernmental Fair Housing Activities and Investigations													
Budget Authority	250	0	0	0	0	0	0	0	0	0	250	250	
Estimated Outlays	12	33	52	57	45	30	14	3	1	0	199	247	
Sec. 40201 First-Generation Downpayment Assistance													
Estimated Budget Authority	10,000	1	5	13	10	7	5	3	2	2	10,029	10,048	
Estimated Outlays	155	435	1,146	2,387	1,788	1,098	763	670	396	392	5,911	9,230	
Sec. 40202 Wealth-Building Home Loan Program													
Estimated Budget Authority	500	-357	-71	0	0	0	0	0	0	0	72	72	
Estimated Outlays	5	120	-71	0	0	0	0	0	0	0	54	54	
Sec. 40203 HUD-Insured Small Dollar Mortgage Demonstration Program													
Budget Authority	100	0	0	0	0	0	0	0	0	0	100	100	
Estimated Outlays	10	40	30	14	6	0	0	0	0	0	100	100	
Sec. 40204 Investments in Rural Homeownership													
Budget Authority	200	0	0	0	0	0	0	0	0	0	200	200	
Estimated Outlays	110	55	25	10	0	0	0	0	0	0	200	200	
Sec. 40205 Self-Help Homeownership Opportunity													
Budget Authority	50	0	0	0	0	0	0	0	0	0	50	50	
Estimated Outlays	0	2	15	18	11	2	0	0	0	0	46	48	
Sec. 40301 Program Admin, Training, Technical Assistance, Capacity Building, and USICH													
Budget Authority	2,000	0	0	0	0	0	0	0	0	0	2,000	2,000	
Estimated Outlays	200	400	500	400	400	100	0	0	0	0	1,900	2,000	

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Increases or Decreases (-) in Direct Spending													
Sec. 40302 Community-Led Capacity Building													
Budget Authority	100	0	0	0	0	0	0	0	0	0	0	100	100
Estimated Outlays	10	20	25	20	20	5	0	0	0	0	0	95	100
Sec. 40401 Minority Business Development Agency													
Budget Authority	3,100	0	0	0	0	0	0	0	0	0	0	3,100	3,100
Estimated Outlays	100	225	355	460	550	520	425	315	120	30	0	1,690	3,100
Sec. 40402 Manufacturing Facility													
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	0	1,000	1,000
Estimated Outlays	5	250	225	200	150	90	40	20	0	0	0	830	980
Total Changes													
Budget Authority	325,100	-356	-66	13	10	7	5	3	2	2	2	324,701	324,720
Estimated Outlays	11,707	25,385	39,555	51,162	52,707	39,554	28,051	26,084	23,346	13,995	2	180,516	311,546

Components may not sum to totals because of rounding.

CDBG = Community Development Block Grant; HUD = Housing and Urban Development; USICH = United States Interagency Council on Homelessness.

Table 1.**Estimated Budgetary Effects of Reconciliation Recommendations of the House Committee on Financial Services**

Notes

Budget authority reflects appropriations specifically provided in the legislation or amounts estimated by CBO.

After consulting with the House Committee on the Budget, CBO has assumed for this estimate that H.R. 3684, as passed by the Senate, has been enacted.

Mandatory funding provided in this act may be subject to the annual sequestration of mandatory spending required by the Budget Control Act of 2011, but CBO does not have sufficient information to determine which of the new budgetary resources that the Office of Management and Budget would determine are subject to those reductions or how the reductions would be applied. For that reason, the amounts shown in this table for new mandatory funding have not been reduced to account for possible sequestration.

Section 40201 would provide down payment assistance for first-time, low-income home buyers, as defined in the bill. CBO expects that the program would increase total mortgage volume over the 2022-2031 period, relative to CBO's baseline, a portion of which would be guaranteed by the Department of Veterans Affairs, Fannie Mae, or Freddie Mac. CBO estimates that the increases in mortgage volume for those programs would increase direct spending by approximately \$50 million over the 2022-2031 period.

Section 40202 would establish a program to make mortgages to low-income, first-time home buyers at below-market interest rates. The bill would require the Department of the Treasury to purchase and sell securities backed by those mortgages. CBO estimates those purchases and sales would, on net, cost \$50 million over the 2022-2031 period. Other budgetary effects include the costs of administering the program and guaranteeing loans to first-time home buyers, which CBO estimates would have a net cost of \$4 million over the 2022-2031 period.