



Insight

Review of the President's Plans for Housing in FY 2015

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[President Obama's fiscal 2015 budget](#) proposes \$46.7 billion in funding for the Department of Housing and Urban Development (HUD), requesting increased funding for housing vouchers, housing counseling, and a new community development program. Here's a summary of the biggest changes from last year:

End of FHA "Bailout"

The 2015 budget estimates that the Federal Housing Administration (FHA) will not need further infusions of cash from the Treasury Department due to previous premium increases and other policy changes to mitigate losses to the Mutual Mortgage Insurance Fund (MMIF). The fiscal 2014 budget estimated that the FHA would need \$943 million from the Treasury Department to boost the MMIF to meet statutory requirements. In September 2013, FHA received \$1.7 billion in taxpayer assistance, nearly double the amount estimated.

More Funds for Affordable Housing and Community Development

The budget again requests \$1 billion in funds to capitalize the Affordable Housing Trust Fund, responsible for providing grants to increase the supply of affordable housing and support homeownership. The Trust Fund has gone unfunded since the Federal Housing Finance Agency (FHFA) indefinitely suspended payments from Fannie Mae and Freddie Mac. There has been increased speculation that FHFA's new Director Mel Watt could return funding, [using the recent profitability of Fannie and Freddie](#) as justification.

The president has also proposed a new program, called Project Rebuild, which would expand upon the Neighborhood Stabilization Program (NSP), with \$15 billion in mandatory funding. Yet now more than seven years after house prices started falling, a \$15 billion commitment is significant and outstrips all previous spending on the NSP. In fact, since its inception in 2008, NSP has granted just a fraction of that request, \$6.8 billion in funding to states, local communities, and community development organizations. Project Rebuild would virtually mimic the mission of NSP, helping communities hard hit by the housing crisis to address abandoned and foreclosed properties and spur economic development yet the increased funding would come after a couple years of housing market improvement.

Extending and Changing Housing Related Tax Expenditures

The president included an extension of the exclusion of cancelled mortgage debt from income, which expired at the end of 2013, at a cost of \$7.6 billion over the next five years. The budget also proposes to reform and expand the Low Income Housing Tax Credit, costing \$1.4 billion over the next 10 years, and a financial crisis responsibility fee that would raise \$56 billion over ten years.