



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 14, 2008

H.R. 5487
Affordable Homeownership Preservation Fund Act of 2008
As introduced in the House of Representatives on February 25, 2008

SUMMARY

H.R. 5487 would authorize the appropriation of whatever funds are necessary for the Neighborhood Reinvestment Corporation (also known as NeighborWorks America) to establish an Affordable Homeownership Preservation Fund. The fund would be used to award grants to eligible community development organizations to improve the availability of affordable housing. Because eligibility would be limited, CBO expects that few grants would be awarded over the next five years. Based on information from NeighborWorks, CBO estimates that implementing this legislation would cost \$260 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

H.R. 5487 would have no impact on direct spending or revenues. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5487 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2009	2010	2011	2012	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	50	51	52	53	54
Estimated Outlays	50	51	52	53	54

H.R. 5487 would authorize the appropriation of whatever funds are necessary for NeighborWorks America to establish an Affordable Homeownership Preservation Fund. The fund would award competitive grants to eligible community development organizations to improve the availability of affordable housing through down payment assistance, education and mortgage counseling, affordable mortgage loans, acquisition and rehabilitation of foreclosed property, and other activities.

Under the bill, only organizations that are affiliated with NeighborWorks and operate affordable housing trusts would be eligible for grant funding. CBO estimates that fewer than five such organizations are currently in operation. Based on information from NeighborWorks, we estimate that carrying out the activities authorized by the bill would require appropriations of \$50 million in 2009 and \$260 million over the 2009-2013 period. Because NeighborWorks America is considered a private organization, appropriations provided to that organization are treated as transfers to a nonfederal entity. Such transfers are recorded in the budget as an expenditure of the full appropriated amount in that year. As such, CBO estimates that implementing H.R. 5487 would cost \$260 million over the 2009-2013 period. This estimate assumes that this legislation will be enacted by the end of fiscal year 2008 and that the estimated amounts will be appropriated for each year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5487 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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