# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

March 7, 2011

## H.R. 836
## Emergency Mortgage Relief Program Termination Act of 2011

*As ordered reported by the House Committee on Financial Services on March 3, 2011*

## SUMMARY


H.R. 836 would terminate the Department of Housing and Urban Development's (HUD's) Emergency Mortgage Relief Program (EHLP). Additionally, the bill would rescind funds that remain available for the program as of the date of enactment.

CBO estimates that enacting the legislation would decrease federal budget deficits by $840 million over the 2011-2012 period. Pay-as-you-go procedures apply because the legislation would affect direct spending.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).


## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 836 is shown in the following table. The effects of this legislation fall within budget function 370 (commerce and housing credit).

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2011-2016 | 2011-2021 |
| **CHANGES IN DIRECT SPENDING** | | | | | | | | | | | | | |
| Estimated Budget Authority | -390 | -450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -840 | -840 |
| Estimated Outlays | -390 | -450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -840 | -840 |

## BASIS OF ESTIMATE

The EHLP, authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act, provides up to $50,000 in subsidized loans to homeowners who are at least three months delinquent on their mortgages because of the temporary loss of employment and income. EHLP will pay all arrearages that a homeowner has incurred and, for up to 24 months, the amount needed to lower the homeowner's contribution to the mortgage payment to 31 percent of gross monthly income. HUD also will allow program funds to be administered by a state that has an existing program that provides substantially similar assistance to homeowners.

HUD has indicated that the program will assist homeowners in Puerto Rico and the 32 states that are not participating in the Department of Treasury's Hardest Hit Fund program; however, HUD has not yet awarded any EHLP funds to those states and territory. CBO estimates that terminating the EHLP will reduce outlays by $840 million over the 2011-2012 period.

For this estimate, CBO assumes that the legislation will be enacted by June 2011. If the bill is enacted later in 2011, the expected savings would be reduced as HUD is likely to make EHLP awards under current law over the course of the next several months.

## PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. (Enacting H.R. 836 would have no impact on federal revenues.)

**CBO Estimate of Pay-As-You-Go Effects for H.R. 836, the Emergency Mortgage Relief Program Termination Act, as ordered reported by the House Committee on Financial Services on March 3, 2011**

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2011-2016 | 2011-2021 |
| **NET DECREASE (-) IN THE DEFICIT** | | | | | | | | | | | | | |
| Statutory Pay-As-You-Go Impact | -390 | -450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -840 | -840 |

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

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

## ESTIMATE PREPARED BY:

Federal Costs: Chad Chirico
Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum
Impact on the Private Sector: Paige Piper-Bach

## ESTIMATE APPROVED BY:

Peter H. Fontaine
Assistant Director for Budget Analysis