

**At a Glance**

**H.R. 5187, Housing is Infrastructure Act of 2020**

As ordered reported by the House Committee on Financial Services on February 28, 2020

By Fiscal Year, Millions of Dollars	2021	2021-2025	2021-2030
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	3,189	87,794	not estimated

Statutory pay-as-you-go procedures apply?	No	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

**The bill would**

- Authorize the appropriation of funds for housing and community development programs

**Estimated budgetary effects would primarily stem from**

- Spending of appropriations authorized for existing housing programs

**Areas of significant uncertainty include**

- Predicting the types of activities that grantees would carry out with the authorized funds
- Estimating the pace at which housing providers would renovate, build, or acquire housing

**Detailed estimate begins on the next page.**



## Bill Summary

H.R. 5187 would authorize the appropriation of \$100.6 billion for fiscal year 2021 for housing and community development programs. In addition, the bill would authorize the appropriation of whatever amounts are necessary for capital and operating subsidies for new housing, which CBO estimates would total \$855 million over the 2021-2025 period. CBO estimates that H.R. 5187 would authorize appropriations totaling \$100.7 billion in 2021 and \$101.5 billion over the 2021-2025 period. The Congress appropriated \$20.8 billion for those programs in 2020.

The amounts specifically authorized by the bill for housing and community development programs include:

- \$70 billion for the Public Housing Capital Fund to improve, finance, or construct public housing;
- \$10 billion for the Community Development Block Grant Program to construct and maintain affordable housing, support changes to zoning requirements, and support transportation infrastructure projects;
- \$5 billion for the Housing Trust Fund to construct or repair housing that is affordable for low-income households;
- \$5 billion for the HOME Investment Partnerships program to build, buy, or rehabilitate housing, or to provide rental assistance for low-income households;
- \$2.5 billion for the Supportive Housing for Persons with Disabilities program to provide rental subsidies to property owners who make housing and supportive services available to low-income people with disabilities;
- \$2.5 billion for the Supportive Housing for the Elderly program to fund housing and supportive services for low-income elderly people;
- \$2.5 billion for the Capital Magnet Fund to make grants to financial institutions to incentivize private investment in affordable housing and related economic development activities;
- \$1 billion for the Multifamily Preservation and Revitalization Demonstration Program to provide grants and loans to preserve and revitalize multifamily rental housing;
- \$1 billion for the Native American Housing Block Grant Program to provide funding for tribes to acquire, construct, rehabilitate, or manage affordable housing for low-income Native American families;



- \$1 billion for the Flood Mitigation Assistance Grant Program to reduce the risk of flood damage to communities participating in the National Flood Insurance Program; and
- \$100 million for the Department of Agriculture to provide loans or grants to low-income homeowners in rural areas to repair or improve their homes.

Based on historical spending for those activities, CBO estimates that implementing H.R. 5187 would cost \$87.8 billion over the 2021-2025 period, assuming appropriation of the estimated and authorized amounts. The remainder of the amounts authorized over that period would be spent after 2025.

### Estimated Federal Cost

The estimated budgetary effect of H.R. 5187 is shown in Table 1. The costs of the legislation fall within budget functions 450 (community and regional development) and 600 (education, training, employment, and social services).

**Table 1.**  
**Estimated Increases in Spending Subject to Appropriation Under H.R. 5187**

	By Fiscal Year, Millions of Dollars					2021-2025
	2021	2022	2023	2024	2025	
Public Housing Capital Fund						
Authorization	70,000	0	0	0	0	70,000
Estimated Outlays	1,400	14,000	21,000	18,900	7,000	62,300
Community Development Block Grant						
Authorization	10,000	0	0	0	0	10,000
Estimated Outlays	50	500	1,500	2,000	2,500	6,550
Housing Trust Fund						
Authorization	5,000	0	0	0	0	5,000
Estimated Outlays	50	600	1,400	1,250	750	4,050
HOME Program						
Authorization	5,000	0	0	0	0	5,000
Estimated Outlays	0	550	1,100	1,400	1,050	4,100
Housing for Persons With Disabilities						
Authorization	2,500	0	0	0	0	2,500
Estimated Outlays	450	1,250	175	50	75	2,000
Housing for the Elderly						
Authorization	2,500	0	0	0	0	2,500
Estimated Outlays	525	1,575	225	75	50	2,450
Capital Magnet Fund						
Authorization	2,500	0	0	0	0	2,500
Estimated Outlays	75	150	625	825	825	2,500

(Continued)

**Table 1.  
Estimated Increases in Spending Subject to Appropriation Under H.R. 5187**

	By Fiscal Year, Millions of Dollars					2021-2025
	2021	2022	2023	2024	2025	
Multifamily Preservation and Revitalization Demonstration						
Authorization	1,000	0	0	0	0	1,000
Estimated Outlays	100	500	400	0	0	1,000
Native American Housing Block Grants						
Authorization	1,000	0	0	0	0	1,000
Estimated Outlays	380	280	140	170	20	990
Flood Mitigation Assistance						
Authorization	1,000	0	0	0	0	1,000
Estimated Outlays	50	100	200	250	300	900
Loans for Repairs of Single-Family Housing						
Authorization	100	0	0	0	0	100
Estimated Outlays	55	30	14	0	0	99
Operating Funds for New Units						
Estimated Authorization	38	78	120	163	208	607
Estimated Outlays	38	78	120	163	208	607
Capital Funds for New Units						
Estimated Authorization	16	32	49	66	85	248
Estimated Outlays	16	32	49	66	85	248
Total Changes						
Estimated Authorization	100,654	110	169	229	293	101,455
Estimated Outlays	3,189	19,645	26,948	25,149	12,863	87,794

## Basis of Estimate

For this estimate, CBO assumes that H.R. 5187 will be enacted near the start of fiscal year 2021 and that the authorized and estimated amounts will be appropriated in each year. Except as noted below, estimated outlays are based on historical spending patterns for each program.

### Public Housing Capital Fund

The bill would authorize the appropriation of \$70 billion for 2021 to improve, finance, or construct public housing. The Congress appropriated \$2.9 billion for that purpose in 2020. Using information from a study by Abt Associates and accounting for capital needs that have accumulated since 2010 and for inflation, CBO expects that about \$60 billion of the amount authorized for capital grants would be used to rehabilitate public housing units; the remaining \$10 billion would be used to build or acquire new public housing units.



### **Operating and Capital Funds for New Units**

CBO expects that public housing agencies would be eligible to receive funds from the Department of Housing and Urban Development (HUD) for operating and capital needs for the new units; those estimated authorizations are shown in Table 1. A study by Abt Associates found that the average cost to develop a unit funded by the Low-Income Housing Tax Credit Program—a program used to develop housing for low- and moderate-income households—was about \$182,000 in 2016. After accounting for inflation, CBO estimates that the cost to develop or acquire a public housing unit would be about \$230,000 in 2021. CBO expects that public housing agencies would develop the units over a five-year period; therefore, CBO estimates that HUD would provide operating and capital funds for about 8,000 new units in 2021 and a total of 40,000 new units in 2025.

In 2017, outlays for the operating and capital subsidies were \$4.3 billion and \$1.8 billion, respectively. According to data on public housing households from HUD, about 980,000 households lived in public housing in an average month in the same year. Based on that information and after accounting for inflation, CBO estimates that HUD would provide an operating subsidy of \$4,400 and a capital subsidy of \$1,800 for each new public housing unit in 2021. CBO estimates that spending subject to appropriation would increase by a total of \$607 million and \$248 million for operating and capital costs, respectively, over the 2021-2025 period.

### **Uncertainty**

CBO's estimate of spending for this bill is based on costs and historical spending patterns for similar programs or types of assistance. However, CBO cannot precisely predict the pace of program implementation. Spending under H.R. 5187 could be faster or slower than CBO's estimate for two reasons:

- Grantees could carry out different activities than they have historically. For example, if a larger share of grantees than expected uses funds to provide rental assistance directly to households or property owners, funds will probably be spent faster than CBO projects.
- Grantees might take longer than expected to renovate, acquire, or build housing. CBO's estimate reflects the expectation that grantees will renovate public housing, and build new housing, at a pace that is consistent with historical spending patterns. However, if grantees expand their programs more slowly than CBO expects, total spending could be slower.

The cost of implementing the bill could be higher or lower than CBO estimates depending on the number of units that grantees build or acquire using funds authorized in the bill.



**Pay-As-You-Go Considerations:** None.

**Increase in Long-Term Deficits:** None.

**Mandates:** None.

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