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# **FY2022 Reconciliation: Title IV, House Financial Services Committee Provisions**

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## FY2022 Reconciliation: Title IV, House Financial Services Committee Provisions

On November 19, 2021, the House approved the Build Back Better Act (H.R. 5376), a FY2022 reconciliation measure. Title IV of the bill includes a modified version of the provisions approved by the House Financial Services Committee in September 2021. These provisions were developed pursuant to the directives in S.Con.Res. 14, the Concurrent Budget Resolution for FY2022.

Title IV of H.R. 5376, as approved by the House, would authorize over \$156 billion in new mandatory budget authority for programs and activities within the jurisdiction of the House Financial Services Committee, primarily focused on affordable housing. This is roughly half the amount that was proposed in the committee-reported version. H.R. 5376, as approved by the House, includes funding for capital investments in existing housing, increasing affordable housing, and supporting homeownership. The legislation also contains several community and economic development spending provisions, as well as funding for related administrative infrastructure. In some cases, the legislation would provide funding to existing programs, often with alternate requirements or expanded or altered purposes; in other cases, it would create new programs.

### SUMMARY

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On November 19, 2021, the House approved the Build Back Better Act (H.R. 5376), a FY2022 budget reconciliation measure. Title IV of the legislation includes a modified version of the provisions approved by the House Financial Services Committee on September 13 and 14, 2021, and incorporated into H.R. 5376 and reported by the House Budget Committee (H.Rept. 117-13) on September 27, 2021. These provisions were developed pursuant to the directives in S.Con.Res. 14, the Concurrent Budget Resolution for FY2022. (For more information, see CRS Report R46893, *S.Con.Res. 14: The Budget Resolution for FY2022*.)

This budget resolution and its resulting reconciliation package is one of two legislative initiatives developed in response to President Biden’s American Jobs Plan infrastructure investment proposal. The first package—the Infrastructure Investment and Jobs Act—was passed by the Senate in August 2021, approved by the House on November 5, 2021, and signed into law on November 15, 2021 (P.L. 117-58). It authorized new spending for a variety of transportation, energy, and water programs, among others, but included no dedicated funding for affordable housing. The second package—the Build Back Better Act—is designed to be broader in purpose and larger in terms of overall new spending than the first, and does include funding for affordable housing, primarily in Title IV (but also in the tax provisions in Title XIII).<sup>1</sup>

Title IV of the Build Back Better Act would authorize over \$156 billion in new mandatory budget authority<sup>2</sup> for programs and activities within the jurisdiction of the House Financial Services Committee, primarily focused on affordable housing. This is roughly half the amount of funding initially proposed by the Financial Services Committee and included in the legislation reported by the House Budget Committee. It would fund programs and activities administered by the Department of Housing and Urban Development (HUD), the Department of Agriculture (USDA), the Department of the Treasury (Treasury), the Federal Emergency Management Agency (FEMA), and the Department of Commerce (Commerce).

## Overview

Title IV of the Build Back Better Act primarily proposes new funding for various affordable housing-related programs and activities.<sup>3</sup> These include funding for capital investments in existing housing, increasing affordable housing, and supporting homeownership. The legislation also contains several community and economic development spending provisions, as well as funding for related administrative infrastructure. In some cases, the legislation provides funding to existing programs, often with alternate requirements or expanded or altered purposes; in other cases, it creates new programs.

A brief review of the provisions, grouped into thematic categories, is provided below; a summary of specific provisions, ordered by section number in the legislation, is provided in **Table 1**. (For more information about existing federal affordable housing programs and policies, see CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*.)

<sup>1</sup> For more information, see CRS Report R46960, *Tax Provisions in the Build Back Better Act: Rules Committee Print 117-18*.

<sup>2</sup> Of the \$156.6 billion in total budget authority estimated by the Congressional Budget Office (CBO) to be made available from FY2022 to FY2031 under Title IV of H.R. 5376, \$156.1 billion would be made available in the first year (FY2022).

<sup>3</sup> While the Financial Services Committee has primary jurisdiction over federal housing programs and investments, other committees have jurisdiction over some aspects of federal housing policy; thus, their reconciliation packages may also include housing-related provisions. The House Ways and Means Committee has jurisdiction over tax policy, including housing-related tax provisions such as the Low Income Housing Tax Credit program.

## Capital Investments in Existing Housing

A number of the provisions contained in Title IV would invest new resources in improving the physical condition of existing housing, particularly affordable housing or housing occupied by lower-income individuals and families. This includes a significant increase in funding for capital grants for public housing (§40001), grants to revitalize distressed multifamily housing (§40007), and grants to revitalize and preserve rural rental housing (§40008). Additional provisions would devote funding for identification and remediation of lead-based paint and other health hazards in housing (§40102) and for energy and water efficiency and related upgrades to existing HUD-assisted multifamily housing properties (§40006).

## Increasing Affordable Housing

Several provisions would aim to increase the amount of available affordable housing, either through the creation of additional housing units that would be affordable to lower-income households or through rental assistance to defray the costs of renting existing housing. Funding provided to multiple programs could be used for the development (or preservation or rehabilitation) of affordable housing units for rental or homeownership, including the HOME program (with a set-aside of funding specifically for activities eligible under the Housing Trust Fund) (§40002); a new Housing Investment Fund (§40003); a new Community Restoration and Revitalization Fund (§40105); and some prioritization for housing activities under the Community Development Block Grant program (§40101). In addition, the House-passed bill would temporarily increase the amount that the Federal Home Loan Banks are annually required to contribute to their Affordable Housing Program (§40012); this provision was not included in the committee-reported bill.

Additional funding for capital grants and project-based rental assistance would be provided for the development of new housing units for persons with disabilities under the existing Section 811 program (§40004) and for persons age 62 and older under the Section 202 program (§40005). The legislation would also provide funding for new Section 8 project-based rental assistance contracts to be awarded to owners or developers of affordable multifamily properties (§40010).

Additionally, the bill would provide a significant increase in funding for new Housing Choice Vouchers (§40009), which subsidize the rents of low-income renters in the private market.

## Supporting Homeownership

A number of provisions would provide funding for new programs or initiatives focused on supporting homeownership. These include funding for down payment and other homebuyer assistance for first-time, first-generation homebuyers (§40201); funding for a “wealth-building home loan” program to subsidize certain mortgages with 20-year terms for eligible first-time, first-generation homebuyers (§40202); and funding to facilitate greater availability of *small-dollar* mortgages no greater than \$100,000 (§40203).

The House-passed bill would also provide funding for an existing home repair grant program administered by USDA’s Rural Housing Service (§40204). In addition to this USDA home repair grant funding, the committee-reported bill had included funding for certain other existing USDA

single-family housing programs and funding for HUD’s Self-Help Homeownership Opportunity Program (SHOP).<sup>4</sup> Funding for these other programs was not included in the House-passed bill.

In addition, certain homeownership activities would be among the eligible uses of funds provided in other provisions—such as funding for HUD’s HOME program (§40002), a new HUD Community Restoration and Revitalization Fund (§40105), a new Housing Investment Fund at Treasury’s Community Development Financial Institutions (CDFI) Fund (§40003), and the increased contributions to the Federal Home Loan Banks’ Affordable Housing Program included in the House-passed bill (§40012).

## **Community and Economic Development**

The legislation would also provide funding for community and economic development-related activities. For example, the Community Development Block Grant (CDBG) program would receive additional funding (§40101), and a new Unlocking Possibilities Program (§40103) would provide competitive grants to states and localities for planning and implementation of various housing and land-use planning initiatives. Additional resources would also be provided for the Minority Business Development Agency (§40401) and State Small Business Credits (§40402).

## **Administrative Infrastructure**

Nearly all of the provisions in the legislation include funding for the administrative costs of federal agencies in implementing the programs or activities. In addition, several provisions are designed solely to increase administrative capacity. For example, administration and capacity-building funding is provided for HUD (§40301) as well as community-based nonprofits (§40302). Additional resources are provided for purposes of Fair Housing Act enforcement (§40106 and §40107), and additional funding (along with programmatic changes) is provided to support the National Flood Insurance Program (§40104).

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<sup>4</sup> Namely, §40204 of the committee-reported bill included funding for USDA’s Section 502 Direct Home Loan Program and Section 523 Mutual Self-Help Housing Grants, as well as Section 504 Housing Repair Grants. The House-passed bill included funding only for the Section 504 grants. Section 40205 of the committee-passed bill included funding for SHOP, which supports sweat equity homeownership programs.

**Table I. Summary of Provisions**

(Dollars in billions)

Section	Title	Funding		Agency	Summary	CRS Contact
		Reported by Committee	House- Passed			
Subtitle A—Creating and Preserving Affordable, Equitable and Accessible Housing For the 21 <sup>st</sup> Century						
40001	Public Housing Investment	\$80.000	\$65.000	HUD	Funding to local public housing authorities (PHAs) for capital grants (both formula-based and competitive) to rehabilitate existing public housing properties and for the development of new units of public housing.	Maggie McCarty, Specialist in Housing Policy
40002	Investments in Affordable and Accessible Housing Production	72.000	25.000	HUD	Funding for the HOME program, which provides formula grants to states and eligible local governments to use for a range of affordable housing activities, including both rental housing and homeownership. Of the total amount of HOME funding provided, a portion (\$14.9 billion in the House-passed bill) is to be allocated to states according to the Housing Trust Fund formula and used only for activities eligible under that program (primarily production, preservation, and rehabilitation of rental housing for the lowest income households).	Katie Jones, Analyst in Housing Policy
40003	Housing Investment Fund <sup>a</sup>	10.000	0.750	Treasury	Funding for a new program administered by Treasury’s Community Development Financial Institutions (CDFI) Fund to provide competitive grants to CDFIs or eligible nonprofits to develop, preserve, rehabilitate, finance, or purchase affordable housing.	Katie Jones, Analyst in Housing Policy
40004	Section 811 Supportive Housing for People With Disabilities	1.000	0.500	HUD	Funding for capital grants and project rental assistance for nonprofit grantees to develop units of housing for persons with disabilities through the Section 811 program. Funding is also available for the Section 811 Project Rental Assistance program administered through state housing finance agencies.	Libby Perl, Specialist in Housing Policy

		Funding				
40005	Section 202 Supportive Housing for the Elderly Program	2.500	0.500	HUD	Funding for capital grants and Section 8 project-based rental assistance for nonprofit grantees to develop units of housing for persons who are age 62 and older through the Section 202 program.	Libby Perl, Specialist in Housing Policy
40006	Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing	6.000	2.000	HUD	Funding for up to \$4 billion in direct loans (which may be converted to grants) and grants to improve energy and water efficiency or climate resilience in HUD-assisted multifamily housing properties receiving project-based assistance through the Section 202, Section 811, and Section 8 project-based rental assistance programs.	Libby Perl, Specialist in Housing Policy  Maggie McCarty, Specialist in Housing Policy
40007	Revitalization of Distressed Multifamily Properties	4.000	1.600	HUD	Funding for up to \$6 billion in direct loans (which may be forgivable) to make necessary physical improvements to distressed HUD-assisted multifamily housing properties funded through the Section 202, Section 811, Section 236, and Section 8 programs. Recipients would be required to extend affordability restrictions by 30 years.	Libby Perl, Specialist in Housing Policy  Maggie McCarty, Specialist in Housing Policy
40008	Investments in Rural Rental Housing	4.800	2.000	USDA	Funding for direct loans and grants for new construction, preservation, and rehabilitation (including energy and water efficiency and climate resilience upgrades) of rural rental properties under the Section 515 program and farm labor housing under the Section 514/516 program; as well as rental assistance under the Section 521 program.	Maggie McCarty, Specialist in Housing Policy
40009	Housing Vouchers	75.000 <sup>b</sup>	24.000	HUD	Funding for the creation of new Housing Choice Vouchers (including set-asides for new vouchers for persons experiencing or at risk of homelessness, survivors of domestic violence, and victims of trafficking; and tenant protection vouchers for public housing residents), associated renewal costs, administrative fees, and landlord outreach and mobility activities. New vouchers are to be allocated to PHAs pursuant to a new formula established by the HUD Secretary, based on severe housing need among extremely low-income renters, PHA capacity, and geographic diversity among PHAs.	Maggie McCarty, Specialist in Housing Policy



		Funding				
40010	Project-Based Rental Assistance	15.000	1.000	HUD	Funding for new project-based rental assistance contracts to be awarded to owners/developers of affordable multifamily housing properties, to be distributed as determined by the HUD Secretary.	Maggie McCarty, Specialist in Housing Policy
40011	Investments in Native American Communities	2.000	1.000	HUD	Funding for multiple existing programs that support a variety of tribal housing and community development activities; namely, Indian Housing Block Grant (IHBG) formula and competitive grants, Indian Community Development Block Grants, and the Native Hawaiian Housing Block Grant.	Katie Jones, Analyst in Housing Policy
40012	Increased Affordable Housing Program Investment	NA	0.972 <sup>c</sup>	FHLBs	This section would temporarily increase funding for the Affordable Housing Program (AHP) by increasing the percentage of net income that each of the 11 regional Federal Home Loan Banks is annually required to contribute to the AHP. The required percentage would be increased to 15% (compared to 10% in current law) for each year from 2022 through 2027.	Katie Jones, Analyst in Housing Policy
<b>Subtitle B—21<sup>st</sup> Century Sustainable and Equitable Communities</b>						
40101	Community Development Block Grant Funding for Affordable Housing and Infrastructure	8.500	3.050	HUD	Funding for the Community Development Block Grant program (CDBG), with a newly structured set-aside for colonias (certain U.S.-Mexico border communities)—as well as funding for technical assistance and agency program administrative costs—and for new competitive grants to support manufactured home communities. Additional flexibility for new housing construction activities is available for certain funding recipients.	Joe Jaroscak, Analyst in Economic Development Policy
40102	Lead-Based Paint Hazard Control And Housing-Related Health and Safety Hazard Mitigation in Housing of Families With Lower Incomes	10.000	5.000	HUD	Funding for grants to states, localities, tribes, and nonprofits—as well as some funding for owners of federally subsidized housing—for lead-based paint inspection, controls, and abatement, as well as testing and mitigation of other housing-related health and safety hazards, among other purposes, with resources targeted to serving lower-income households.	Maggie McCarty, Specialist in Housing Policy

		Funding				
40103	Unlocking Possibilities Program	4.500	1.750	HUD	Funding for new competitive grants for research, planning, and implementation activities related to state and local housing policy and zoning regulations. Eligible entities include CDBG grantees and regional planning agencies or consortia (for certain planning activities).	Joe Jaroscak, Analyst in Economic Development Policy
40104	Strengthening Resilience Under National Flood Insurance Program	4.000	0.60	FEMA	<p>Cancels all outstanding National Flood Insurance Program (NFIP) debt to Treasury. The NFIP currently owes \$20.525 billion to Treasury.<sup>d</sup></p> <p>Directs FEMA to spend an amount equal to the interest that the NFIP would have paid in servicing the cancelled debt for flood mapping in FY2022 and FY2023, to supplement other amounts appropriated and to remain available until expended.</p> <p>Funding of \$600 million to the NFIP for a new means-tested affordability program to provide discounts to eligible NFIP policyholders for insurance costs.<sup>e</sup></p>	Diane Horn, Analyst in Flood Insurance and Emergency Management
40105	Community Restoration and Revitalization Fund	7.500	3.000	HUD	Funding for new competitive grants to partnerships of eligible entities for planning and implementing a variety of eligible activities related to housing and civic infrastructure. The activities include those eligible under HUD's CDBG program and additional enumerated uses, as well as a set-aside of funding to support community land trusts and shared equity homeownership.	<p>Joe Jaroscak, Analyst in Economic Development Policy</p> <p>Katie Jones, Analyst in Housing Policy</p>
40106	Fair Housing Activities and Investigations	1.000	0.700	HUD	Funding for the Fair Housing Initiatives Program for eligible fair housing organizations to expand capacity to accept and investigate complaints, conduct testing, and provide education and outreach, among other activities.	Libby Perl, Specialist in Housing Policy
40107	Intergovernmental Fair Housing Activities and Investigations	0.250	0.100	HUD	Funding for Fair Housing Assistance Program grantees to increase capacity to enforce state and local fair housing laws that are substantially equivalent to the federal Fair Housing Act, and to assist grantees in affirmatively furthering fair housing.	Libby Perl, Specialist in Housing Policy

		Funding				
Subtitle C—Homeownership Investments						
40201	First-Generation Downpayment Assistance	10.000	10.000	HUD	Funding for a new program to provide formula grants to states and competitive grants to eligible entities to use for down payment and other assistance for eligible first-time, first-generation homebuyers.	Katie Jones, Analyst in Housing Policy
40202	Home Loan Program <sup>f</sup>	0.500	5.000	HUD and USDA, with Treasury	Funding for a new program to subsidize mortgages with 20-year repayment terms, but monthly payments similar to those on a 30-year mortgage, that are insured by the Federal Housing Administration (FHA) or guaranteed by USDA for eligible first-time, first-generation homebuyers.	Katie Jones, Analyst in Housing Policy
40203	HUD-Insured Small Dollar Mortgage Demonstration Program	0.100	0.100	HUD	Funding for HUD to increase access to single-family mortgages with original principal balances of \$100,000 or less that are insured or guaranteed by HUD. HUD can use funding for loan subsidy costs and for other activities intended to increase access to such mortgages.	Katie Jones, Analyst in Housing Policy
40204	Investments in Rural Homeownership	0.200	0.100	USDA	Funding for assistance to certain homeowners in rural areas. <sup>g</sup>	Katie Jones, Analyst in Housing Policy
40205	Self-Help Homeownership Opportunity Program (SHOP)	0.050	0.000	HUD	The committee-reported bill included funding for SHOP, which provides competitive grants to eligible organizations to support sweat equity homeownership programs. The House-passed bill did not include this funding.	Katie Jones, Analyst in Housing Policy
Subtitle D—HUD and Community Capacity Building						
40301	Program Administration, Training, Technical Assistance, and Capacity Building, and Agency Oversight	2.000	1.000	HUD, Treasury, USDA <sup>h</sup>	Funding primarily for administrative costs of HUD in implementing programs funded through the reconciliation package and HUD programs generally, and for training, technical assistance, and capacity building. Amounts are also provided to the Office of Inspector General for HUD, Treasury, and the Department of Agriculture, for oversight of the funds provided by this title.	Libby Perl, Specialist in Housing Policy  Maggie McCarty, Specialist in Housing Policy

		Funding				
40302	Community-Led Capacity Building	0.100	0.100	HUD	Funding for new competitive grants to nonfederal entities with capacity for providing technical assistance to local nonprofit community development organizations including, but not limited to, community land trusts and community development corporations. Eligible activities include the provision of technical assistance and training, predevelopment assistance grants, and other activities as determined by the HUD Secretary.	Joe Jaroscak, Analyst in Economic Development Policy
<b>Subtitle E—Economic Development</b>						
40401	Minority Business Development Agency (MBDA)	3.100	1.600	Commerce	Funding for new and existing MBDA Business Centers, Rural Business Centers, and Specialty Centers. Funding also to support minority business enterprises; the establishment of regional MBDA offices; entrepreneurship education curricula; nonprofits that support minority business enterprises; and research, evaluation, and administrative activities.	Julie Lawhorn, Analyst in Economic Development Policy
40402	Manufacturing Facility (Enhanced use of Defense Production Act of 1950)	1.00	0.500	Treasury	Provides for additional payments to states, made proportionally to their nationwide share of manufacturing jobs lost in the last 30 years, for programs that promote economic competitiveness and invest in manufacturing technology or clean energy, and for other purposes.	Grant Driessen, Specialist in Public Finance
40403	Supporting Factory-Built Housing Through the State Small Business Credit Initiative (SSBCI)	NA	0.025	Treasury	Extends the authority of the Treasury Secretary to administer and implement the SSBCI program by 30 months, through FY2030, and provides \$25 million in SSBCI technical assistance for certain factory-built housing projects.	Grant Driessen, Specialist in Public Finance

**Source:** Table prepared by CRS based on the text of the Amendment in the Nature of a Substitute to the Committee Print, as approved by the House Financial Services Committee and posted on its website at <https://financialservices.house.gov/uploadedfiles/hmkp-117-ba00-20210913-sd004.pdf>; and H.R. 5376, as approved by the House, and the Congressional Budget Office (CBO) score of H.R. 5376.

**Notes:** Amounts shown reflect total budget authority provided in FY2022; total budget authority from FY2022 to 2031 may differ from this amount, based on CBO scoring. The periods of availability for funding vary across and within accounts. Summaries reflect the version of the legislation as passed by the House.

- a. The Housing Investment Fund would be a newly established fund, but it would be similar in many ways to the existing Capital Magnet Fund, which is also administered by Treasury's CDFI Fund.
- b. Funding used for new, incremental vouchers is to be allocated annually from FY2022 through FY2026.

- c. The Congressional Budget Office (CBO) estimates that from FY2022 to FY2031, this provision will result in an increase in AHP spending of \$972 million. It also estimates that the change in FHLB contributions will increase revenues by \$796 million, resulting in a net increase in the deficit of about \$170 million. See CBO, *Estimated Budgetary Effects of Title IV, Committee on Financial Services, H.R. 5376, the Build Back Better Act*, November 15, 2021, <https://www.cbo.gov/publication/57619>.
- d. The language in the bill directs the cancellation of all NFIP debt rather than a specific amount. The amount indicated is not appropriation but a cancellation of program debt. The interest payments and subsequent receipts are intergovernmental transfers and have no net effect on the deficit; outlays for flood mapping would be direct spending. See CBO, *Estimated Budgetary Effects of Title IV, Committee on Financial Services, H.R. 5376, the Build Back Better Act*, November 15, 2021, <https://www.cbo.gov/publication/57619>.
- e. FEMA does not currently have the authority to implement an affordability program.
- f. This section was titled “Wealth-Building Home Loan” in the committee-reported bill.
- g. The committee-reported bill included funding for Section 502 Direct Home Loans, Section 504 Housing Repair Grants (with certain adjustments to eligibility criteria and allowable uses), and Section 523 Mutual Self-Help Housing Grants. The House-passed bill includes only the Section 504 Housing Repair Grants funding.
- h. The committee-reported bill included funding for the United States Interagency Council on Homelessness; that funding was not included in the House-passed version.

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