

## **Coburn Amendment #402-To eliminate program duplication, fragmentation, and overlap within the 160 housing assistance programs and tax expenditures within 20 Departments and agencies**

In 2012, the Government Accountability Office (GAO) found the federal government is operating 160 housing assistance programs and tax expenditures within 20 Departments and agencies costing about \$170 billion. Despite these programs, homeownership rates fell to to a 17 year low in the third-quarter of 2012.<sup>1</sup> The effectiveness of the programs is also often inconclusive.

This amendment allows the appropriate committees to reduce the deficit through eliminating, consolidating, or reforming duplicative housing assistance programs and tax expenditures outlined in GAO's annual report to reduce program duplication.

### **GAO Found “housing assistance” programs within the following Departments and Agencies:**

**Department of Housing and Urban Development, 89 programs**

**Department of Labor, 1program**

**Department of Agriculture, 22 programs**

**Department of Veteran Affairs, 3 programs**

**Internal Revenue Service, 15 programs**

**Federal Home Loan Banks, 2 programs**

**Neighborhood Reinvestment Corporation, 1program**

**Department of the Treasury, 8 programs**

**Federal Reserve System, 2 programs**

**Department of the Interior, 1program**

**Miscellaneous Agencies, 16 programs**

**160 duplicative programs:** Since the 1930s, the federal government has been involved in supporting affordable housing through the establishment of the Federal Housing Administration (FHA), and Fannie Mae and Freddie Mac. Without proper oversight, the federal government's involvement has

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<sup>1</sup> Perry, Mark, “US homeownership rate falls to a 17-year low of 65.3% in Q3 as ‘homeownership bubble’ continues to deflate,” American Enterprise Institute, November 7, 2012, <http://www.aei-ideas.org/2012/11/us-homeownership-rate-falls-to-a-17-year-low-of-65-3-in-q3-as-homeownership-bubble-continues-to-deflate/>.

ballooned into a puzzle of 160 overlapping and duplicative programs, administered through 20 agencies, intended to encourage homeownership and provide affordable rental housing for low-income families.

Thirty-nine programs, tax expenditures, and other tools provide assistance for buying, selling or financing a home, and eight programs and tax expenditures provide assistance for rental property owners. GAO found a total of 23 federal housing programs that target or have special features for the elderly. Specifically, one HUD and one USDA program target the elderly exclusively, while three HUD programs target the elderly and disabled. The remaining 18 programs serve a variety of household types but have special features for elderly households, such as income adjustments that reduce their rents. In addition, HUD operates the Native American Housing Block Grant and the Indian Community Development Block Grant while the VA runs the Native American Veterans Direct Loan Program, all directed at providing affordable housing to Native Americans.

**Costing \$170 billion a year:** In FY2010 alone, housing programs cost the federal government \$170 billion, including \$132 billion in tax expenditures.

**Inconclusive data on effectiveness:** Data on the effectiveness of these programs is often inconclusive. For example, some studies show that the mortgage interest deduction, the single largest housing-related tax expenditure costing \$88 billion in FY 2011, increases homeownership, while other studies suggest that the deduction actually increases home prices which negatively affects homeownership rates. However, the federal government has continued to expand housing assistance programs in recent years. In response to the recent housing crisis, the Treasury Department and the Federal Reserve invested over \$1.67 trillion in Fannie Mae and Freddie Mac which issue and guarantee mortgage-backed securities. Today, nearly all mortgages are directly or indirectly supported by the federal government.