

## MBA Summary of Fiscal Year (FY) 2023 Omnibus Appropriations Bill

**H.R. 2617, the Consolidated Appropriations Act of 2023, totals \$1.7 trillion in discretionary resources to fully fund the government through September 2023, including \$800 billion in non-defense funding (a \$68 billion increase over FY 2022 levels) and \$797.7 billion in defense funding (a \$76 billion increase over FY 2022 levels).**

**NOTE:** Despite much speculation about the prospects for a deal to renew the corporate tax credit for Research and Development, expand the Child Tax Credit, and potentially act on so-called expiring tax “extenders,” no consensus was reached to include these items – or other housing-related tax credits – within the package. The only notable piece of tax policy included is a bipartisan retirement security proposal known as *SECURE Act 2.0* (mentioned in a section to follow).

### MBA Wins

- **FHA IT Modernization:** Sets aside \$20.8 million for development, modernization, and enhancement (DME) projects, including FHA IT modernization. Directs HUD to “continue to prioritize progress on FHA’s single-family IT systems in fiscal year 2023 and expects HUD to provide sustained executive-level attention to advancing and completing [the] *FHA Catalyst* [program] for single-family mortgages.”
- **FHA MAP Lending:** Directs HUD to report within 90 days on any current backlog in multifamily underwriting.
- **Ginnie Mae:** Provides \$40.4 million, a 20 percent increase over FY 2022 funding levels, for Ginnie Mae staffing, training and technology needs. Does not amend current law to authorize Ginnie Mae to securitize Housing Finance Agency (HFA) debt.
- **Barriers to Small-Dollar Mortgages:** Directs HUD to brief the House and Senate Appropriations Committees within 120 days of enactment of the omnibus on the feedback it receives on the recently published “Request for Information Regarding Small Mortgage Lending” and on any further analysis it conducts on alternative price points, including but not limited to \$200,000.
- **“Yes In My Back Yard” Grant Program:** Includes \$85 million for a new grant to incentivize affordable housing production. The new grants will reward state, local and regional jurisdictions that have made progress in improving inclusionary zoning practices, land use policies, and housing infrastructure.
- **Flood Insurance:** Extends the National Flood Insurance Program (NFIP) authorization through September 30, 2023. The provision has two components: (1) it extends NFIP’s authorization to sell flood insurance policies, and (2) it extends NFIP’s authorization to borrow from Treasury to cover claims should program funds be insufficient.
- **Eminent Domain:** Maintains a prohibition on federal funds being used to facilitate eminent domain seizures of performing mortgage loans.
- **FHA Administrative:** Secured \$150 million for FHA’s administrative contract expenses.
- **Special Risk Insurance:** Secured \$35 billion in commitment authority for the General Insurance and Special Risk Insurance (GI/SRI) Fund, a \$5 billion increase – 16.6 percent – over FY 2022 levels.

- **Housing Counseling:** \$57.5 million for Housing Counseling assistance for renters, homeowners, and individuals considering homeownership and \$20 million for Policy Development and Research to continue legal aid assistance for eviction prevention.

#### **Transportation, Housing and Urban Development, and Related Agencies (other notable provisions)**

- **Ginnie Mae:** \$900 billion for new commitments.
- **FHA:** Provides \$400 billion for FHA commitment authority to guarantee single-family loans. Includes language to direct FHA to review financing guidelines for its manufactured housing mortgage programs to modernize policies to reflect today's market.
- **Institutional Investment in Single-family Housing:** Directs HUD to maintain its efforts to prioritize governmental entities and nonprofits in FHA note sales to counter "recent trends of increasing concentration of institutional financial investment in single-family housing." Congress also directs the GAO to study and issue a report on the prevalence and location of institutional investors in single-family housing, the types of institutional investors involved, and the impacts of such investments on both the housing market and on the tenants residing in the homes.
- **Appraisals:** Includes language that directs HUD to brief Congress within 120 days of enactment of the "omnibus" on its priorities for action to reduce bias in the home appraisal system and any timelines established for such actions.
- **Manufactured Housing:** Provides \$225 million to support the resiliency and preservation of manufactured housing and manufactured housing communities under the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) program. This level of funding also includes \$25 million to provide grants to assist in the redevelopment of manufactured housing communities as affordable replacement housing.
- **Radon & Lead Testing:** Includes \$410 million for the Office of Lead Hazard Control and Healthy Homes, a decrease of \$5 million from FY 2022 levels.
- **Affordable Housing:** Provides \$419.5 million for the related agencies in the bill, including \$170 million for NeighborWorks to expand affordable housing options, increase housing counseling assistance, and strengthen economic development.

#### **Financial Services & General Government (notable provisions)**

- **IRS Funding:** Includes \$12.319 billion for the IRS, which is \$275 million less than the FY 2022 level. Funds were not provided for business systems modernization since funds are available for that activity from unobligated balances in the American Rescue Plan.
- **Geographic Targeting Orders (GTOs):** Directs Financial Crimes Enforcement Network (FinCEN) to brief Congress on efforts to expand the use and scope of Geographic Targeting Orders, which enable the collection of shell corporations' beneficial ownership information to prevent illegal money from terrorism, sex trafficking, money laundering, and other illegal activities from being hidden in real estate transactions.
- **Postal Financial Services:** Does not include language for a House-passed directive on a postal non-banking financial services modernization pilot program.

### VA Home Loan Program (notable provisions)

- **Enhanced Loan Underwriting Methods:** Directs the VA Secretary, in consultation with an industry advisory group, to prescribe regulations and issue guidance to assist lenders in evaluating the sufficiency of the residual income, including consideration of expected energy cost savings, of a veteran.
- **VA Home Loans Timeline:** Directs VA to take steps to complete [its work on] all outstanding VA home loans, including those outside the contiguous United States, within 90 days of enactment of this Act and to maintain policies, funding, and staffing levels that ensure appraisals are completed within VA's established timeliness standards.
- **Veterans Housing Rehabilitation and Modification Pilot Program:** Includes language to encourage VA to coordinate with HUD to develop an outreach plan to increase awareness about this program among veterans, Veterans Service Organizations, and other eligible entities.
- **VA Home Loan Fees:** Existing VA home loan fee structure is further extended from January 14, 2031, to August 1, 2031.

### RHS (notable provisions)

- **Rural Housing:** Includes over \$2 billion for the Rural Housing Service, an increase of \$183 million over fiscal year 2022. Within these increases is \$40 million for Rental Assistance. This increase is necessary to fund all expiring fiscal year 2022 contracts. The increase also includes an additional \$20 million for multi-family housing construction and rehabilitation and an expansion of the Tribal Housing Relending Demonstration program.
- **Appraisals:** Directs the U.S. Department of Agriculture (USDA) to submit a report, within 60 days of enactment, on the current appraisal requirements for Single-Family Direct and Guaranteed loan programs and whether these requirements are adopted from requirements used by HUD and the VA.
- **Rental Assistance:** Directs USDA to hold at least three listening sessions and stakeholder meetings on the administration's proposal to decouple rental assistance from Section 515 loans. USDA is encouraged to prioritize multi-family housing properties acquired by means of a section 515 loan within the current fiscal year when determining current rental assistance needs.
- **Tribal relending program:** Provides \$7,500,000 in commitment authority to expand the Tribal relending pilot to other States, particularly in the southwestern United States. Language directs USDA to publish a report on its website detailing the Native community development finance institutions (CDFIs) that receive loans from this demonstration program, a breakdown of mortgage loans made under this program to households residing on and off Tribal trust lands, and the average mortgage loan amount made by Native CDFIs under this program.

### Other Provisions of Interest

- **Congressional Oversight Commission Expiration** - This provision moves up the termination date to mid-2023 for the Congressional Oversight Commission. Created by the *CARES Act*, this five-member panel oversaw since-discontinued COVID emergency lending programs administered by the Treasury Department and the Federal Reserve.

- **Electoral Count Reform And Presidential Transition Improvement:** Reforms and modernizes the 1887 *Electoral Count Act*, which governs the joint-session of Congress in which each state's electoral votes are counted pursuant to the Twelfth Amendment. Also amends the Presidential Transition Act by providing clear guidelines for when eligible candidates for President or Vice President may receive federal resources to support their transition into office.
- **Retirement Planning/SECURE Act 2.0:** Includes the legislative text of the *SECURE Act 2.0*, which increases participation in retirement plans by expanding automatic enrollment features in retirement plans, decreases costs for employers that seek to offer retirement plans for their employees, encourages small businesses to offer retirement plans, and simplifies various rules relating to 401(k), 403(b), and other retirement plans.