

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

RENT SUPPLEMENT PROGRAM

PROGRAM HIGHLIGHTS

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
(Dollars in Thousands)				
<u>Budget Authority</u>				
Unobligated Balance, SOY .....	\$488,267	\$532,853	\$526,853	-\$6,000
Recapture from prior years .....	\$51,572	...	...	...
Use of authority .....	-\$6,986	-\$6,000	-\$6,000	...
Subtotal .....	\$532,853	\$526,853	\$520,853	-\$6,000
Units Eligible for Payment, End				
of Year (Estimate) .....	20,261	20,161	20,061	-100

SUMMARY OF BUDGET ESTIMATES

No appropriation is requested for the Rent Supplement program in 2002. No new commitment activity has taken place under this program since 1973. The obligation estimate for 2001 of \$6 million represents amendments to State-financed projects and foreclosed State-aided projects.

EXPLANATION OF INCREASES AND DECREASES

Approximately \$6 million of budget authority is estimated in 2002 for amendments to State-aided projects. This program is demand-driven.

PROGRAM DESCRIPTION AND ACTIVITY

Section 101 of the Housing and Urban Development Act of 1965, as amended, authorized rent supplements on behalf of needy tenants living in privately owned housing. This program also was used to provide additional "piggyback" rental assistance to a portion of the units in Section 236 projects, including State Agency developed non-HUD-insured projects. Eligible tenants pay 30 percent of the rent or 30 percent of their income toward the rent, whichever is greater. The difference between the tenant payment and the economic rent approved by the Department is made up by a Rent Supplement payment made directly to the project owner.

Rent supplement contracts were the same length as the mortgage. As rents escalated in the 1980s, contract funds were insufficient to subsidize contract units for the full term of the contract. Most insured and 202 projects were able to convert their rent supplement assistance to Section 8 assistance during the 1980s in order to avoid contract amendment problems.

Amendments to State/Agency-sponsored, non-insured projects are supported utilizing funding provided for this purpose in the 1983 Supplemental Appropriations Act.

STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

The Rent Supplement program supports the Department's strategic goals #1, Increase the availability of decent, safe and affordable housing in American communities, and #5, Ensure public trust in HUD.

SELECTED PERFORMANCE MEASURES

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
<b>Strategic Goal 1: Increase the availability of decent, safe and affordable housing in American communities.</b>			
Discretionary BA (Dollars in Thousands)	...	...	...
FTE	5	5	5
<b>Strategic Goal 5: Ensure public trust in HUD.</b>			
Discretionary BA (Dollars in Thousands)	...	...	...
FTE	16	16	16

Rent Supplement Program