DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

LOW-RENT PUBLIC HOUSING ASSISTANCE

PROGRAM HIGHLIGHTS

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
	(Dollars in Thousands)			
Program Level:				
Direct loan obligations	$6,998	$40,000	$40,000	...
PHA Loan Write-Offs pursuant to P. L. 99-272	$6,998	$40,000	$40,000	...
Net Budget Authority				
Mandatory:	$25,000	$40,000	$40,000	...
Net Budget Outlays				
Mandatory:	$20,553	$40,297	$40,297	...

SUMMARY OF BUDGET REQUEST

The fiscal year 2003 Budget assumes that $40 million of permanent indefinite authority will be used to provide funding for remaining Public Housing development and modernization activities in the pipeline that were reserved under the "Annual Contributions for Assisted Housing" (ACAH) appropriations through 1986. No discretionary appropriation is required.

EXPLANATION OF INCREASE AND DECREASE

There are no changes in outlay projections for fiscal year 2003 from the estimates reflected in the fiscal year 2002 Budget.

PROGRAM DESCRIPTION

The Low-Rent Public Housing Assistance Fund has not received new appropriation since fiscal year 1986. The account is now in a liquidating status with permanent indefinite borrowing authority and is classified as mandatory. The Department borrows approximately $40 million from Treasury each year to close pipeline loan commitments. Once the commitment is closed, the loan is forgiven by both the Department and the Treasury.

The program was established for three reasons. First, the program was to provide direct Federal loans (capital funds) to support the completion of Public and Indian Housing construction, acquisition, and modernization activities. Second, the Fund was also used as a repository of appropriations provided in prior years to make interest differential payments to the Federal Financing Bank (FFB). Budget authority was obligated in the Loan Fund to provide payments to the FFB to fund the difference in interest payments between what would have been charged if tax-exempt bonds had been sold to the public and the interest that actually was charged when instruments were sold to the FFB at a Federally taxable interest rate. A third purpose of the account, as a Corporate Fund, was closed during the first quarter of 1997 pursuant to Section 507 of the Congressional Budget Act of 1974.