

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

HOUSING ASSISTANCE FOR NEEDY FAMILIES

PROGRAM PERFORMANCE

STRATEGIC GOAL/OBJECTIVE	ESTIMATE 2002	ESTIMATE 2003	ESTIMATE 2004
Strategic Goal H: Increase homeownership opportunities.			
Discretionary BA (Dollars in Thousands)	\$0	\$0	\$408,216
FTE			
Headquarters	2
Field	33
Subtotal	35
S&E Cost (Dollars in Thousands)			
Personal Services	\$3,190
Travel	25
Transportation of Things	0
Rent, Communications & Utilities	0
Subtotal	3,215
Strategic Objective H.5: Help HUD-assisted renters become homeowners.			
Indicator: The number of households who have used Housing Assistance for Needy Families vouchers to become homeowners increases by 20 percent.	[531] a/	[637] a/	764

a/ Fiscal years 2002 and 2003 performance information is reflected in the Project-Based Rental Assistance program Justification.

SUMMARY OF BUDGET ESTIMATES

For the Housing Assistance for Needy Families program, the Department requests approximately \$408.2 million in program funding and \$3.2 million in Salaries and Expenses for a total of \$411.4 million in 2004 to support Strategic Goal H: Increase homeownership opportunities.

HUD plays a major role in helping low- and moderate-income families become homeowners. A number of HUD's program help thousands of families become homeowners each year including the Housing Assistance For Needy Families program. The Department is requesting \$13.607 billion to be available for overall funding of the newly established Housing Assistance for Needy Families (HANF) account in fiscal year 2004. Of the total, the Department is requesting \$11.554 billion for the renewal of approximately 1,935,649 expiring Section 8 annual contribution contracts for rental and homeownership assistance including \$72 million for the Family Self-Sufficiency coordinators. The Hope VI tenant-based assistance, previously funded through HOPE VI account, will be renewed under this account upon expiration. In addition, the Department is requesting \$252 million for "tenant protection" activities to support approximately 43,300 new units, and \$609 million for a central fund. The central fund will be available for use to: (1) support leasing up to the Public Housing Agency's (PHA) authorized baseline; (2) fund additional incremental vouchers including up to \$36 million for non-elderly disabled families; and (3) fund up to \$100 million in cost associated with developing capacity in all the States which will assume the administration of the HANF program. In addition, approximately \$1.192 billion is requested for administrative and other expenses of public housing agencies in administering the Section 8 rental and homeownership program.

EXPLANATION OF PERFORMANCE

Performance/Means and Strategies

Strategic Objective H.5: Help HUD-assisted renters become homeowners.

Indicator: The number of households who have used Housing Choice vouchers to become homeowners increases by 20 percent.

In fiscal year 2002, the baseline was established for the homeownership goal. There were 531 families participating in the homeownership program.

PIH currently has a module in the Public and Indian Housing Information Center (PIC) that tracks families successful in attaining homeownership. The homeownership option is available to eligible families and uses voucher funding to make monthly homeownership expenses instead of making monthly payments on behalf of the family to assist with rent. The subsidy can be used for eligible expenses such as principal and interest on the mortgage debt, real estate taxes and insurance, PHA established allowances for utilities, routine maintenance, and major repairs and replacements, thereby making homeownership both affordable and an incentive to participate.

In addition to the monthly homeownership assistance payments, an eligible family can elect to take a one-time single grant to use towards the down payment on the purchase of a home. To make this option even more attractive to potential applicants, HUD has eliminated a complicated recapture provision that was triggered through the refinancing or sale of the family unit. HUD has also provided PHAs with flexibility on establishing the minimum income requirement for family eligibility, thereby increasing the pool of available families eligible for the program. These regulatory changes support the goal to increase national homeownership opportunities while also accomplishing the reduction of meaningless compliance burdens on program recipients, a HUD goal in support of the President's Management Agenda.

The Section 8 homeownership program has great potential to help low-income families in public and assisted housing to become homeowners. In fiscal year 2003, HUD plans to take steps to substantially increase participation in the program. These steps will include publication of a handbook that explains the mechanics of the program, a study on early implementation of the program, the use of incentives through HUD's funding competitions, and a legislative proposal to eliminate the requirement that the use of vouchers for downpayment assistance be contingent on advance approval in annual appropriations acts. HUD is also exploring additional strategies for helping housing agencies obtain the resources they may need to launch these programs and provide the necessary homeownership counseling.

In fiscal year 2004, the Department is proposing the HANF program to replace the current Tenant-Based Voucher and Moderate Rehabilitation programs. In the transition year, PHAs will continue to administer the voucher program and emphasis on homeownership will continue. The goal is to increase homeownership participation by 20 percent from the fiscal year 2003 level. After the transition year, the entire funding will be provided to the States with the flexibility to tailor their housing program based on local needs. States will be able to increase participation in homeownership, working in conjunction with existing state housing finance agencies to maximize financial resources required for program participants to achieve their dreams.

Resource Management Information

Performance Measure estimates provided in fiscal years 2002 and 2003 were very raw numbers due to these being the first years these estimates were required. In fiscal year 2004, PIH has redefined and established new performance outcomes in the Housing Assistance for Needy Families program. The revised outcomes are different from the fiscal year 2003 Annual Performance Plan performance outcomes and more accurately reflect PIH current objectives. Therefore, when comparing the 2 years, there may not be a correlation in the division of resources. In addition, fiscal year 2004 is the first year in which the Department has attempted to assign all costs associated with individual programs to those programs. As a result, this is the first year in which overhead FTEs have been allocated to the specific program goals resulting in apparent FTE increases, which are not really true increases.