

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

RENT SUPPLEMENT PROGRAM

PROGRAM HIGHLIGHTS

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
<u>Budget Authority</u>				
Unobligated Balance, SOY	\$558,382	\$551,772	\$541,772	-\$10,000
Recapture from prior years	13,354
Restored/Lapsed	-13,354
Use of authority	<u>-6,610</u>	<u>-10,000</u>	<u>-10,170</u>	<u>-170</u>
Subtotal	551,772	541,772	531,602	-10,170
Units Eligible for Payment, EOY .	18,600	17,039	15,478	-1,561

SUMMARY OF BUDGET ESTIMATES

No appropriation is requested for the Rent Supplement program in 2004. No new commitment activity has taken place under this program since 1973.

EXPLANATION OF INCREASES AND DECREASES

The obligation estimate for 2004 of \$10 million represents amendments to State-financed projects and foreclosed 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 units for the full term of the contracts. 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. However, about 15,000 rent supplement units remain in HUD's inventory. Most of these are associated with section 236 projects.

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

Rent Supplement Program

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	1	1	1
Field	2	2	2
Total FTE	3	3	3
S&E Cost (Dollars in Thousands)			
Personal Services	\$253	\$260	\$267
Travel	3	2	3
Printing	1	1	1
Other Services	1
Total S&E Cost	\$258	\$263	\$271