

**HOUSING  
RENT SUPPLEMENT PROGRAM  
2005 Summary Statement and Initiatives  
(Dollars in Thousands)**

<b>RENT SUPPLEMENT PROGRAM</b>	<b><u>Enacted/ Request</u></b>	<b><u>Carryover</u></b>	<b><u>Supplemental/ Rescission</u></b>	<b><u>Total Resources</u></b>	<b><u>Obligations</u></b>	<b><u>Outlays</u></b>
2003 Appropriation .....	...	\$551,772	...	\$551,772	\$5,535	\$55,353
2004 Appropriation/Request .....	...	546,237	...	546,237	10,000 <sup>b</sup>	51,340
2005 Request .....	<u>...</u>	<u>546,237</u>	<u>\$-475,000<sup>a</sup></u>	<u>71,237</u>	<u>10,000<sup>b</sup></u>	<u>47,194</u>
Program Improvements/Offsets .....	...	...	-475,000	-475,000	...	-4,146

a/ Reflects a portion of the \$675 million rescission proposed for contract amendments, the balance is to be rescinded from the Rental Housing Assistance Program (Section 236).

b/ Recaptures are anticipated to equal obligations.

**Summary Statement**

No additional appropriation is requested for the Rent Supplement program for fiscal year 2005. The program terminated in 1973. The only new commitments since then have been issued for amendments to State-aided, non-insured properties.

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.

Since 1983, Amendments to State/Agency-sponsored, non-insured projects have been supported utilizing funding provided in the 1983 Supplemental Appropriations Act. The supplemental provided set-asides in both the Rent Supplement and Rental Housing Assistance Program accounts to amend the contracts for cost increases. While the Department will rely on these set-asides for fiscal year 2005 amendment needs, all excess funds will be rescinded and, beginning with fiscal year 2006, funding for amendments will be requested through annual appropriations. The Department believes this approach represents a more efficient use of limited resources and significantly reduces unexpended balances.

The number of Rent Supplement units is 18,107 for fiscal year 2003, 16,546 for fiscal year 2004, and 14,985 for fiscal year 2005.

Obligations are expected to increase in the coming years as the contracts age and require larger amendments for cost increases.

**Initiatives**

Unexpended balances beyond those anticipated in fiscal year 2005 will be rescinded and future costs will be met through annual appropriations.

Rent Supplement Program

HOUSING  
 RENT SUPPLEMENT PROGRAM  
 Summary of Resources by Program  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Rent Supplement Program	...	\$551,772	\$551,772	\$5,535	...	\$546,237	\$546,237	...
Total Rent Supplement Program .....	...	551,772	551,772	5,535	...	546,237	546,237	...
FTE								
Headquarters .....			1				1	1
Field .....			<u>2</u>				<u>2</u>	<u>2</u>
Total .....			3				3	3

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Performance Measurement Table**

Program Name: Rent Supplement Program						
Program Mission: 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 projects that are not HUD-insured. 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.						
Performance Indicators		Data Sources	Performance Report		Performance Plan	
			2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 95 percent.		MF Program Office and Annual Performance Plan	95%	95%	95%	95%

**Explanation of Indicators**

This indicator tracks the progress made by multifamily properties receiving assistance, as a group, in meeting physical condition standards established under the Real Estate Assessment Center's (REAC) Physical Assessment Inspection program.

**HOUSING**  
**RENT SUPPLEMENT PROGRAM**  
**Justification of Proposed Changes in Appropriations Language**

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

[Up to \$303,000,000 of recaptured section 236 budget authority resulting from prepayment of mortgages subsidized under section 236 of the National Housing Act (12 U.S.C. 1715z-1) shall be rescinded in fiscal year 2004: Provided, That the limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 is reduced in fiscal year 2004 by not more than \$303,000,000 in uncommitted balances of authorizations of contract authority provided for this purpose in prior appropriations Acts.] *Of the amounts made available under the heading, "Rent Supplement," in Public Law 98-63 for amendments to contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236(f)(2) of the National Housing Act (12 U.S.C. 1715 z-1) in State-aided, noninsured rental housing projects, \$675,000,000 is rescinded.* (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

**Explanation of Changes**

The 1983 Supplemental Appropriations Act provided set-asides in both the Rent Supplement and Rental Housing Assistance Payments accounts to amend the contracts for cost increases. While the Department will rely on these set-asides for fiscal year 2005 amendment needs, all excess balances will be rescinded and, beginning with fiscal year 2006, funding for amendment needs will be requested through annual appropriations. The Department believes this approach represents a more efficient use of limited resources and significantly reduces unexpended balances.

Rent Supplement Program

HOUSING  
RENT SUPPLEMENT PROGRAM  
Crosswalk of 2003 Availability  
(Dollars in Thousands)

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Rent Supplement Program .....	...	...	...	...	\$551,772	\$551,772

NOTES

None.

Transfers to Other Accounts

There are no transfers to other accounts.

Rent Supplement Program

HOUSING  
RENT SUPPLEMENT PROGRAM  
Crosswalk of 2004 Availability  
(Dollars in Thousands)

<u>Budget Authority</u>	2004 President's Budget Request	Congressional Appropriations Action on 2004 Request	2004 Supplemental/ Rescission	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2004 <u>Resources</u>
Rent Supplement Program .....	...	...	...	...	\$546,237	\$546,237