

PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
2006 Summary Statement and Initiatives
(Dollars in Thousands)

TENANT-BASED RENTAL ASSISTANCE	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2004 Appropriation .....	...	...	...	...	...	...
2005 Appropriation	\$10,685,000 ^a	...	-\$85,480	\$10,599,520	\$10,599,520	\$10,599,520
2006 Request	<u>15,845,194</u>	<u>...</u>	<u>...</u>	<u>15,845,194</u>	<u>15,845,194</u>	<u>15,845,194</u>
Program Improvements/Offsets	+5,160,194	...	+85,480	+5,245,674	+5,245,674	+5,245,674

a/ As a result of splitting off two new accounts from the Housing Certificate Fund in fiscal year 2005, \$4.166 billion from the advance appropriation enacted in fiscal year 2004 and available in fiscal year 2005 is not displayed in this account. Instead, it is displayed in the Housing Certificate Fund where it was appropriated. Total available resources for tenant-based Section 8 rental assistance in fiscal year 2005 are \$14.8 billion.

Summary Statement

A total of \$15.845 billion is requested for Tenant-Based Rental Assistance in fiscal year 2006. The fiscal year 2006 request in this account represents a net overall increase of \$5.246 billion from the fiscal year 2005 enacted level of \$10.6 billion. After including the amounts appropriated in the Housing Certificate Fund, the overall increase is \$1.1 billion over fiscal year 2005.

Of the total amount requested, \$14.09 billion is requested to cover the renewal of expiring tenant-based Section 8 contracts in calendar year 2006, \$1.295 billion for administrative fees for tenant-based renewals as well as initial tenant protection units, \$354 million for tenant protection needs, \$45 million for a central reserve, \$55 million for the Family Self-Sufficiency program, and \$6 million is requested for the Working Capital Fund for development of and modifications to information technology systems that serve or are related to the PIH programs or activities of this account.

The net increase of \$1.1 billion in budget authority above the fiscal year 2005 enacted level is due to several factors. Contract renewals are funded at \$14.09 billion, which is an increase of \$734 million to renew existing contracts. In fiscal year 2006, \$1.295 billion is requested for administrative fees to administer the programs, an increase of \$95 million from the 2005 enacted level, \$45 million is requested for a central reserve, a \$45 million increase over fiscal year 2005. Further, the Department is requesting \$354 million for tenant protection activities, an increase of \$192 million from last year. In addition, Family-Self Sufficiency coordinators are funded at \$55 million in fiscal year 2006, a \$9.4 million increase from the fiscal year 2005 level. Finally, \$6 million is requested for the Working Capital Fund to fund PIH information technology systems development and modification. This funding level is a \$3 million increase from the fiscal year 2005 enacted level.

To achieve this increase in the Tenant-Based Rental Assistance account, many other programs in the Department have been reduced. Without those reductions, this program would not be adequately funded and many of the families currently being assisted would lose their assistance. Continued reductions in other programs in the Department will continue in the future unless significant reforms to the program are enacted.

Tenant-Based Rental Assistance

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 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Budget Authority</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2004 Obligations</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2006 Request</u>
Contract Renewals	\$9,188,885	...	\$9,188,885	\$14,089,756
Administrative Fees	1,200,426	...	1,200,426	1,295,408
Central Fund	45,000
Section 8 Rental Assistance	161,696	...	161,696	354,081
FSS Coordinators	45,632	...	45,632	55,000
Working Capital Fund	<u>2,881</u>	...	<u>2,881</u>	<u>5,949</u>
Total Tenant-Based Rental Assistance	10,599,520	...	10,599,520	15,845,194

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters	0	371	374
Field	<u>0</u>	<u>463</u>	<u>467</u>
Total	0	834	841

Tenant-Based Rental Assistance

**PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
Program Offsets
(Dollars in Thousands)**

Contract Renewals	<u>Amount</u>
2004 Appropriation .....	...
2005 Appropriation	\$9,188,885
2006 Request	<u>14,089,756</u>
Program Improvements/Offsets	+4,900,871

Proposed Actions

The Section 8 Tenant-Based Rental Assistance program is the Federal Government's major program for assisting low-income families to rent decent, safe, and sanitary housing in the private market. Because the rental assistance is provided on behalf of the family or individual, participants are able to find and lease privately owned housing and are not limited to units located in subsidized housing projects.

Contract renewals provide funding to renew expiring Section 8 tenant-based rental assistance contracts on a calendar-year basis. All contracts are proposed for a renewal term of up to 1 year.

In addition to amounts provided, the Department will reintroduce the Flexible Voucher Program. The rationale for moving to a flexible voucher grant is precipitated by the fact that the voucher program is complex, overly prescriptive, and at times an extremely difficult program to administer. For years, the voucher program was unable to fully utilize large sums of program dollars, even while the demand for the housing assistance was high. Moreover, the voucher program is dictated by laws and regulations that are focused on units rather than the effective maximization of subsidy for families.

Further, the Department has been criticized for not doing more to reform the program. In fact, the fiscal year 2003 Senate VA-HUD Appropriations Bill report stated that the Committee had "ongoing concerns over the effectiveness of tenant-based vouchers" and "urged HUD to make voucher reform a priority for the Department." The fiscal year 2004 VA-HUD Appropriations Bill report states, "the Conferees are concerned about the spiraling increase in the cost of providing assistance under the voucher program. The Conferees are aware that the national average cost per voucher has increased at a rate of more than double the average increase in the private rental market in each of the last 2 years. At the same time, the rental housing market has softened." The fiscal year 2005 VAHUDIA Appropriations Act report states, "The Voucher program is strictly dollar-based or budget-based in 2005. This new structure is designed to provide flexibility for Public Housing Authorities (PHAs) to manage their voucher programs, so long as such flexibility meets current legal requirements and PHAs manage within their annual budgets." While HUD strongly agrees with the appropriators' sentiment and intent, the fact is that while Congress now provides voucher funding to PHAs on a budget basis, the program and the PHAs are restricted by current authorization law that keeps many aspects of the program on a unit-basis and actually serves to greatly restrict the flexibility with which PHAs can manage their annual budgets.

This new program will replace the Housing Choice Voucher Program and improve the delivery of rental and homeownership subsidies for low-income families in a fiscally responsible manner, thereby ensuring cost efficiency and effectiveness for long-term sustainability of the tenant-based voucher program. The objectives of the Flexible Voucher Program are:

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- Simplify program requirements and provide PHAs with greater administrative flexibility to meet the overall program objective of assisting low-income families to find suitable temporary housing.
- Maximize effective utilization of funds and assisting additional low-income families by converting from a unit-based system to a dollar-based system.
- Increase focus on results as opposed to bureaucratic processes.

As is current practice, the Flexible Voucher Program will be administered by State and local PHAs. PHAs with overlapping jurisdictions and PHAs with small Section 8 programs are encouraged to consolidate or enter into cooperative arrangements to promote administrative efficiencies and accomplish cost savings. The Flexible Voucher Program includes administrative costs as part of the total grant. PHAs will only be able to use grant funds for housing assistance payments or administration of the Flexible Voucher Program.

Congress has now acted to determine a set dollar amount for housing assistance payments for each PHA during calendar year 2005. HUD's Flexible Voucher Program seeks to authorize this funding approach on a permanent basis and to do away with the unit-driven nature of the current authorizing legislation. Under the Flexible Voucher Program, annual PHA budgets in subsequent years will be adjusted for inflation and increased for any new allocations awarded to the PHA. A dollar-based system will provide a predictable funding level with annual inflationary adjustments for PHAs, and assist the Department with accurate and stable budget estimates. This creates a true incentive for PHAs to be responsible for and more sensitive to managing the rents they subsidize within their grant amounts.

PHAs will receive a fixed dollar amount proportional to their current voucher funding, but will have the freedom to adjust the program to the unique and changing needs of their community. This includes the ability to set their own rents based on local market conditions rather than having HUD predict and set rents for every market in the nation. PHAs will also have the ability to simplify and design tenant rent policies that will provide incentives for work, save money, and allow them to serve even more families. These changes will provide a more efficient and effective program and help low-income families more easily obtain decent, safe, affordable housing.

The Flexible Voucher Program provides PHAs with reasonable flexibility to design their voucher programs to meet local housing needs and ensure full use of funds. Under the Flexible Voucher Program, PHAs may opt to "project-base" some vouchers, and to administer self-sufficiency programs and homeownership programs designed to address local needs.

The Flexible Voucher Program simplifies Federally mandated program requirements and avoids the "one size fits all" program design by providing local and State PHAs with greater administrative flexibility to meet the overall program objective of providing temporary and transitional housing assistance for low-income families to select suitable private market housing of their choice. The Federal focus of the voucher program will be redirected to ensuring that the "right" families (low-income families) are assisted in the "right housing" (non-luxury housing meeting the housing quality standards) at the "right subsidy amounts" (correctly calculated tenant rents and reasonable rents to owners based on market comparables). Instead of spending an inordinate amount of time attempting to comply with a myriad of complicated (and sometimes contradictory) Federal rules and objectives, PHAs will be able to streamline the subsidy design and implement local policies to meet the local housing needs of low-income families.

In summary, the Flexible Voucher Program provides timely reform that will greatly simplify and stabilize the program and allow PHAs to design their programs to best address their local needs. Many of these reforms have been granted to and successfully implemented by PHAs under the popular Moving to Work demonstration. Unless these reforms are enacted, maintaining this program at current funding levels will require either further reductions in the Department's other programs, or preventing necessary increases in those same programs.

Language authorizing the Flexible Voucher Program will be provided separately to the Authorizing Committees.

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TENANT-BASED RENTAL ASSISTANCE
Program Offsets
(Dollars in Thousands)

Administrative Fees	<u>Amount</u>
2004 Appropriation .....	...
2005 Appropriation	\$1,200,426
2006 Request	<u>1,295,408</u>
Program Improvements/Offsets	+94,982

Proposed Actions

HUD proposes to distribute fees on a pro-rata basis, as was done in fiscal years 2004 and 2005. HUD will also contract with a highly reputable academic institution to study cost data from PHAs over the course of several previous years to determine an appropriate methodology for calculating fees for each agency in 2007 and beyond.

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 Program Offsets
 (Dollars in Thousands)

Central Fund	<u>Amount</u>
2004 Appropriation
2005 Appropriation .....	...
2006 Request	<u>\$45,000</u>
Program Improvements/Offsets	+45,000

Proposed Actions

The Department proposes \$45 million for the Central Fund in 2006 for additional rental subsidies based on increased rental costs resulting from unforeseen exigencies as determined by the Secretary. The funding requested in the Central Fund will be used to cover the cost of unforeseen exigencies experienced by PHAs, such as temporary housing resources needed as a result of natural disasters, or significant changes in the economic condition of a locality, requiring additional housing resources.

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Program Offsets
(Dollars in Thousands)

Section 8 Rental Assistance	<u>Amount</u>
2004 Appropriation .....	...
2005 Appropriation	\$161,696
2006 Request	<u>354,081</u>
Program Improvements/Offsets	+192,385

Proposed Actions

The Department proposes \$354 million for Tenant Protection Assistance in 2006.

Funds appropriated in fiscal year 2006 will provide tenant-based rental assistance for the relocation of residents affected by Property Disposition, Opt-Out/Termination, portfolio re-engineering, preservation prepayment, replacement/relocation vouchers for Section 202 Mandatory Conversion, HOPE VI, Mandatory and Voluntary Conversions, Vouchers for the Debra Walker v. United States Department of Housing and Urban Development litigation, and Section 33 of the U.S. Housing Act of 1937, as amended. A portion of the funds may also be used for the Family Unification Program, witness relocation, for conversion of Section 23 projects to Section 8 assistance and other types of project-based rental assistance to Section 8 assistance.

Due to the sun-setting of the HOPE VI Program, that account will no longer be available to fund tenant protection vouchers for families being displaced by future HOPE VI demolitions funded prior to the program's sun-setting. Therefore, HOPE VI tenant protection vouchers are included in these estimates.

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Program Offsets
(Dollars in Thousands)

FSS Coordinators	<u>Amount</u>
2004 Appropriation
2005 Appropriation	\$45,632
2006 Request	<u>55,000</u>
Program Improvements/Offsets	+9,368

Proposed Actions

Family Self-Sufficiency (FSS) Coordinators were created to assist families participating in the FSS program to link-up with supportive services in the community and become fully self-sufficient. It is expected that these families achieve employment goals, accumulate assets, and receive training and counseling that will enable them to succeed as homeowners.

Family Self-Sufficiency Program Activity Fiscal Years 2003 - 2006

	2003	2004	2005 (estimate)	2006 (estimate)
Number of FSS Coordinators funded	1,145	1,043	1,050	1,200
Number of participating PHAs funded	778	591	595	650

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Program Offsets
(Dollars in Thousands)**

Working Capital Fund	<u>Amount</u>
2004 Appropriation
2005 Appropriation	\$2,881
2006 Request	<u>5,949</u>
Program Improvements/Offsets	+3,068

Proposed Actions

The Department is proposing \$6 million for the Working Capital Fund to fund PIH information technology systems development and modification, as follows:

PIH Voucher Program IT Requirements

Inventory Management (PIC).....	\$960,000
Resource Allocation.....	1,760,000
Oversight and Monitoring.....	1,221,000
Enterprise Income Verification.....	1,785,000
FASS-PH-Financial Public Housing...	116,400
QASS-Quality Assurance.....	50,000
WASS-Web Security.....	42,500
CASS-Technical Assistance.....	<u>14,250</u>
 Total Voucher Program IT Needs.....	 5,949,150

Public and Indian Housing (PIH) Information Technology provides a secure, scalable system for HUD staff and their business partners to collect and review information about the public housing inventory managed by HUD. In previous fiscal years, functions associated with Inventory Management were included in Public and Indian Housing Information Center (PIC) Enhancements and PIC Maintenance. Responding to the Enterprise Architecture (EA) Blueprint, all PIH and Real Estate Assessment Center (REAC) systems have now been reorganized into four functions: Inventory Management, Resource (Subsidy) Allocation, Enterprise Income Verification and Oversight and Monitoring. Future development efforts will be guided by these key functions, which are based on the Rental Housing Assistance (RHA) Blueprint. In addition, PIH is requesting the re-alignment of IT Staff at its headquarters and REAC to better meet the demands of these reorganized functions.

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**PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
Performance Measurement Table**

Program Name: TENANT-BASED RENTAL ASSISTANCE					
Program Mission: Tenant-Based Rental Assistance is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2004 Plan	2004 Actual	2005 Plan	2006 Plan
The number of households who have used Housing Choice Vouchers to become homeowners increases to 3,000 by the end of 2006.	PIC, MTCS 50058, Tenant Characteristics	1,674	2,052	2,500	3,000
By 2008 Increase the proportion of those entering HUD's public housing assistance program who "graduate" from assistance within 5 years (or receive continuing assistance as homeowners) with income sufficient to pay for adequate housing.	PIC	N/A	The Department is still testing methodologies to determine FY 2004 baseline.	Baseline will be determined based on FY 2004 actuals in conjunction with the approach for the graduation incentive provided in the FY 2005 Operating Fund.	To be determined from FY 2004 baseline.
The high incidence of program errors and improper payments in HUD's rental housing assistance programs will be reduced.	RHIIPS, PDR&R Draft Final Report, Quality Control for Rental Assistance Subsidies Determinations dated Dec 5, 2003.	30% reduction in payment error rates from initial baseline.	71% reduction in overpayments errors rates from initial baseline.	50% reduction payment error rates from initial baseline.	Percentage to be determined.

N/A = Not Applicable.

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Explanation of Indicators

Indicator: The number of households who have used Housing Choice vouchers to become homeowners increases to 3,000 by the end of 2006.

PIH currently has a module in the 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 providing 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.

In fiscal year 2002, the baseline was established for the homeownership goal. At that time, there were 531 families participating in the homeownership program. Based on a telephone survey conducted in April and May of 2003 of HUD field offices, who in turn surveyed all PHAs in their jurisdictions, 1,500 homeowners were assisted with vouchers in fiscal year 2003. In 2004, the Department used data recorded in PIC to determine that 2,052 homeowners were assisted by the voucher program. This is an increase of 552 homeowners, or 37 percent over the previous year.

The results far exceeded the goal for several reasons. Because the program is in its infancy, is completely voluntary, and has no separate or additional vouchers provided by HUD, it is difficult to project the increase in the number of households that will participate in the voucher homeownership program in a given year. A wide variety of factors come into play beyond local market conditions, interest rates, the availability of willing lender and counseling agency partners. For example, the size of a PHA's homeownership voucher program is also constrained by the number of qualified households (particularly households with sufficient credit standing to qualify for a mortgage) and the amount of staff resources that a PHA can make available at any given time. PHAs may see immediate success following implementation with a number of well-qualified families, but then experience a drop-off in activity as they begin to work with families that may take a significantly longer period of time to become mortgage ready.

In fiscal years 2005 and 2006, the Department's goal is to significantly increase participation in this program.

Indicator: Increase the proportion of those entering HUD's housing assistance programs who "graduate" from assistance within 5 years (or receive continuing assistance as homeowners) with income sufficient to pay for adequate housing.

In its effort to improve the quality of public and assisted housing and provide more choices for its residents, HUD plans to expand its efforts towards self-sufficiency by helping residents of public and assisted housing to increase their self-sufficiency to the point that they no longer need housing assistance and/or are able to become homeowners if they choose. The Department has several efforts underway to promote work participation among existing residents and admit higher income families in public housing.

The Family Self-Sufficiency (FSS) program is HUD's principal asset building tool. FSS provides participating families with opportunities for educational services, job training, counseling and other services while they are receiving housing assistance. As participants' earnings increase, an amount based on their increased earned income is deposited into an interest-bearing escrow account. The family claims the escrow funds upon successful fulfillment of its self-sufficiency contract if no member of the family

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is receiving welfare assistance. In fiscal year 2004, there were 20,543 families with accumulated escrow account assets, an increase of more than 21 percent above the fiscal year 2003 level of 16,870.

In fiscal year 2006, the Department's goals change slightly with an emphasis on the outcome of the self-sufficiency efforts to date. The new goals will measure the effectiveness of rental assistance in helping families, (including the elderly and disabled) move toward independent living, self-sufficiency and homeownership. This goal will measure the changes in the number of households that no longer need assistance because their incomes are sufficient to pay for adequate housing or who receive continuing assistance as homeowners. Fiscal year 2006 funding for FSS program coordinators will support this new goal by continuing to give families tools for increasing earned income to levels at which they will no longer need rental assistance.

Indicator: The high incidence of program errors and improper payments in HUD's rental housing assistance programs will be reduced

The rental housing assistance programs (public housing, Tenant-Based Rental Assistance, and Project-Based Rental Assistance) constitute HUD's largest appropriated activity, with approximately \$26 billion in expenditures in fiscal year 2004 to serve over 4.8 million households. Based on studies of fiscal year 2000 program activity, HUD estimated that 60 percent of all subsidized rent calculations were done in error, and that there were approximately \$3.2 billion in gross erroneous payments and \$2 billion in net annual subsidy overpayments attributed to the combination of program administration errors and tenant underreporting of income upon which the subsidy is based.

To address these issues, the Rental Housing Integrity Improvement Project (RHIIP) was established as a Secretarial Initiative in the spring of 2001. The project represents a shift from HUD's previous focus on back-end program error detection and recovery efforts to more proactive front-end program improvements and controls designed to address the root cause of errors and improper payments. The overall purpose of RHIIP is to ensure that the "right benefits go to the right persons"--enabling HUD's limited program funding to correctly serve as many eligible low-income households as possible. Core components of this multi-faceted strategy include more aggressive monitoring and quality control; additional education, guidance, and training for HUD field staff and POAs (Public Housing Agencies, Owners, and Agents); facilitating state wage matches and other up-front verification initiatives to obtain accurate independent verification of all tenant income; and simplifying program requirements, where feasible.

In fiscal year 2004, HUD surpassed its 30 percent reduction goal for the estimated \$2.013 billion in net annual rental assistance overpayments, achieving a reduction of 71 percent. This goal was established based on fiscal year 2000 estimates of improper payments attributed to both housing administrator errors in subsidy determinations and tenant underreporting of income upon which benefits are based.

Furthermore, under the President's Management Agenda, HUD established a goal for a 50 percent reduction in both the frequency of subsidy component and processing errors, and the corresponding portion of the \$2 billion in estimated net annual subsidy overpayments, by 2005. HUD set interim error reduction goals of 15 percent for fiscal year 2003 and 30 percent for fiscal year 2004. A separate assessment of budget impacts is planned for fiscal year 2005. To the extent there are outlays savings resulting from HUD's program integrity improvement efforts, HUD plans to work with OMB and the Congress to explore mechanisms for recapture and use of the funds to assist additional household in need. In any event, HUD's goal is to better assure that the right benefits go to the right persons. HUD is also expanding its error measurement process to include a third and final component covering the accuracy of assistance billings and payments. Billing error estimates for public housing and voucher programs will be completed for reporting in fiscal year 2005.

In fiscal year 2006, HUD will continue to implement RHIIP to meet performance targets and continue to strengthen HUD's capacity for proper oversight of the rental housing assistance programs. The Department will implement the new authority provided by the Congress in the fiscal year 2004 Appropriations Act, to provide PHAs with another tool to verify tenant incomes with HHS' National Directory of New Hires database. This should improve accuracy and timeliness over the old form letter that had been sent to employers. If

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successful, HUD intends to remove the mandatory paper form letter requirement to employers, thus providing more privacy and dignity to tenants in the verification of income.

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**PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
Justification of Proposed Changes in Appropriations Language**

The 2006 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.

**TENANT-BASED RENTAL ASSISTANCE
(INCLUDING TRANSFER OF FUNDS)**

For activities and assistance for the provision of tenant-based rental assistance authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) ('the Act' herein), not otherwise provided for, [\$14,885,000,000] \$15,845,194,187, to remain available until expended, of which [\$10,685,000,000] \$11,645,194,187 shall be available on October 1, [2004] 2005 and \$4,200,000,000 shall be available on October 1, [2005] 2006: Provided, That the amounts made available under this heading are provided as follows:

- (1) [\$13,462,989,000] \$14,089,755,725 for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act): *Provided*, That notwithstanding any other provision of law, from amounts provided under this paragraph, the Secretary for the calendar year [2005] 2006 funding cycle shall [renew such contracts] provide renewal funding for each public housing agency based on [verified Voucher Management System (VMS) leasing and cost data averaged for the months of May, June, and July of 2004] each PHA's 2005 annual budget for renewal funding as calculated by HUD, prior to prorations, and by applying the [2005] 2006 Annual Adjustment Factor as established by the Secretary, and by making any necessary adjustments for the costs associated with the first-time renewal of tenant protection or HOPE VI vouchers: [*Provided further*, That if such data is not available, verifiable, or complete, the Secretary shall use verified VMS leasing and cost data averaged for the months of February, March, and April of 2004, and by applying the 2005 Annual Adjustment Factor as established by the Secretary, and by making any necessary adjustments for the costs associated with the first-time renewal of tenant protection or HOPE VI vouchers: *Provided further*, That if such data is not available, verifiable, or complete, the Secretary shall use leasing and cost data from the most recent end-of-year financial statements for public housing agency fiscal years ending no later than March 31, 2004, and by applying the 2005 Annual Adjustment Factor as established by the Secretary, and by making any necessary adjustments for the costs associated with the first-time renewal of tenant protection or HOPE VI vouchers:] *Provided further*, That the Secretary shall, to the extent necessary to stay within the amount provided under this paragraph, pro rate each public housing agency's allocation otherwise established pursuant to this paragraph: *Provided further*, That the entire amount provided under this paragraph shall be obligated to the public housing agencies based on the allocation and pro rata method described above[: *Provided further*, That public housing agencies participating in the Moving to Work demonstration shall be funded pursuant to their Moving to Work agreements and shall be subject to the same pro rata adjustments under the previous proviso: *Provided further*, That none of the funds provided in this paragraph may be used to support a total number of unit months under lease which exceeds a public housing agency's authorized level of units under contract];
- (2) [\$163,000,000] \$354,081,218 for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134), conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act, HOPE VI vouchers, mandatory and voluntary conversions, vouchers necessary to complete the consent decree requirements in Debra Walker vs. HUD, and tenant protection assistance, including replacement and relocation assistance;

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- (3) [\$46,000,000] \$55,000,000 for family self-sufficiency coordinators under section 23 of the Act;
- (4) [\$2,904,000] \$5,949,150 shall be transferred to the Working Capital Fund; and
- (5) [\$1,210,107,000] \$1,295,408,094 for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, of which up to \$25,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs: *Provided, That* [\$1,185,107,000] \$1,270,408,094 of the amount provided in this paragraph shall be allocated for the calendar year [2005] 2006 funding cycle on a pro rata basis to public housing agencies based on the amount public housing agencies were eligible to receive in calendar year [2004] 2005: *Provided further, That* all amounts provided under this paragraph shall be only for activities related to the provision of tenant-based rental assistance authorized under section 8, including related development activities.
- (6) \$45,000,000 for additional rental subsidy due to increased rental costs resulting from unforeseen exigencies as determined by the Secretary.

Explanation of Changes

- Deletes language requiring the use of VMS data in calculating PHA allocations for renewal funding.
- Adds language calculating 2006 renewal funding based on amounts received in 2005.
- Deletes language separately referencing Moving-to-Work PHAs in the context of renewal funding.
- Adds language allowing tenant protection funds to be utilized for HOPE VI and voluntary and mandatory conversion tenant protection assistance, and for completing the consent decree in Debra Walker vs. HUD.
- Adds language providing for a central fund to provide additional rental subsidy based on increased rental costs resulting from unforeseen exigencies as determined by the Secretary.

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PUBLIC AND INDIAN HOUSING
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 Crosswalk of 2004 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Contract Renewals
Administrative Fees
Central Fund
Section 8 Rental Assistance
FSS Coordinators
Working Capital Fund	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total

Tenant-Based Rental Assistance

PUBLIC AND INDIAN HOUSING
 TENANT-BASED RENTAL ASSISTANCE
 Crosswalk of 2005 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 President's Budget Request</u>	<u>Congressional Appropriations Action on 2005 Request</u>	<u>2005 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Contract Renewals	\$11,900,000	\$9,262,989	-\$74,104	...	...	\$9,188,885
Administrative Fees	1,176,000	1,210,107	-9,681	...	...	1,200,426
Central Fund	100,000	...	...	...	...	...
Section 8 Rental Assistance	163,000	163,000	-1,304	...	...	161,696
FSS Coordinators .....	...	46,000	-368	...	...	45,632
Working Capital Fund .....	...	<u>2,904</u>	<u>-23</u>	<u>...</u>	<u>...</u>	<u>2,881</u>
Total Changes	13,339,000	10,685,000	-85,480	...	...	10,599,520

Tenant-Based Rental Assistance

**Tenant-Based Rental Assistance
FY 2005 Program Activity**

	<u>Units</u>	<u>Per Unit Cost</u>	<u>Budget Authority</u>
FY 2005:			
Tenant Protections--Housing & CPD	14,609	\$6,845	\$99,200,000
Tenant Protections--PIH	9,204	6,845	62,496,000
Administrative Fee	NA	NA	1,200,426,144
Family Self-Sufficiency Coordinators	NA	NA	45,632,000
Working Capital Fund	NA	NA	2,880,768
Voucher Contract Renewals	NA	NA	9,188,885,088
Subtotal, Fiscal Year 2005 Tenant-Based Rental Assistance	23,813	NA	10,599,520,000
Advance Appropriation for 2005 in HCF			[4,166,400,000]
Total, Fiscal Year 2005 Appropriation for tenant-based Section 8			[14,765,400,000]

NOTE: Amounts are net of .8% across-the-board rescission.

**Tenant-Based Rental Assistance
FY 2006 Program Activity**

	<u>Units</u>	<u>Per Unit Cost</u>	<u>Budget Authority</u>
FY 2006:			
Tenant Protections--Housing & CPD	16,026	\$6,982	\$111,893,532
Tenant Protections--PIH	34,687	6,982	242,187,686
Administrative Fee	NA	NA	1,295,408,094
Family Self-Sufficiency Coordinators	NA	NA	55,000,000
Central Fund	NA	NA	45,000,000
Working Capital Fund	NA	NA	5,949,150
Voucher Contract Renewals	NA	NA	14,089,755,725
Total, Fiscal Year 2006 Tenant-Based Rental Assistance	50,713	NA	15,845,194,187