

HOUSING
RENT SUPPLEMENT PROGRAM
2006 Summary Statement and Initiatives
(Dollars in Thousands)

RENT SUPPLEMENT PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2004 Appropriation .....	...	\$580,984 ^a	...	\$580,984	\$30,956	\$55,968
2005 Appropriation .....	...	550,028	-400,000 ^b	150,028	36,000	54,123
2006 Request	<u>7,600</u>	<u>114,028</u>	...	<u>121,628</u>	<u>7,600</u>	<u>52,262</u>
Program Improvements/Offsets	+7,600	-436,000	+400,000	-28,400	-28,400	-1,861

a/ Consists of unobligated balance of \$546.2 million carried forward from fiscal year 2003 and recaptures of \$34.7 million realized during fiscal year 2004.

b/ Of the \$675 million rescission enacted pursuant to the fiscal year 2005 Consolidated Appropriations Act (P.L. 108-447), only \$400 million may be available for rescission.

Summary Statement

In fiscal year 2006, \$7.6 million is requested for the Rent Supplement program.

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. The program terminated in 1973 and the only new commitments since then have been issued for amendments to State-aided, non-insured properties.

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, these Amendments have been supported utilizing funding provided in the 1983 Supplemental Appropriations Act. The supplemental appropriation provided set-asides in both the Rent Supplement and Rental Housing Assistance Program accounts to amend State-aided, non-insured contracts for cost increases. While the Department will continue to rely on these set-asides for funding needs, once these funds are fully expended, funding for amendments will be requested through annual appropriations as needed. 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 17,290 for fiscal year 2004, 16,473 for fiscal year 2005, and 15,656 for fiscal year 2006. Obligations are expected to increase in the coming years as the contracts age and require larger amendments for cost increases.

Rent Supplement Program

HOUSING
 RENT SUPPLEMENT PROGRAM
 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>
Rent Supplement Program	...	\$580,984	\$580,984	\$30,956	-\$400,000	\$550,028	\$150,028	\$7,600
Total Rent Supplement Program	580,984	580,984	30,956	-400,000	550,028	150,028	7,600

NOTES

2003 Carryover Into 2004

Consists of unobligated balance of \$546.2 million carried forward from fiscal year 2003 and recaptures of \$34.7 million realized during fiscal year 2004.

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters	1	1	1
Field	<u>3</u>	<u>3</u>	<u>3</u>
Total	4	4	4

Rent Supplement Program

HOUSING
RENT SUPPLEMENT PROGRAM
Program Offsets
(Dollars in Thousands)

Rent Supplement Program	<u>Amount</u>
2004 Appropriation .....	...
2005 Appropriation	-400,000
2006 Request	<u>7,600</u>
Program Improvements/Offsets	+407,600

2005 Appropriation reflects a portion of the \$675 million rescission enacted for contract amendments, pursuant to the fiscal year 2005 Consolidated Appropriations Act (P.L. 108-447).

Proposed Actions

There are no proposed actions.

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	
		2004 Plan	2004 Actual	2005 Plan	2006 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	94.7%	95.5%	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.

Rent Supplement Program

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Justification of Proposed Changes in Appropriations Language

The 2006 President's Budget includes no proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

[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, fiscal year 2004.)]

Explanation of Changes

For fiscal year 2006, \$7.6 million is requested for the Rent Supplement program.

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 continue to rely on these set-asides for fiscal year 2006 amendment needs, funding for amendment needs will be requested through annual appropriations as needed once these set-asides are fully expended. 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 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>
Rent Supplement Program	\$580,984	\$580,984
Total	580,984	580,984

NOTES

Carryover

Consists of unobligated balance of \$546.2 million carried forward from fiscal year 2003 and recaptures of \$34.7 million realized during fiscal year 2004.

Rent Supplement Program

HOUSING
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 Crosswalk of 2005 Availability
 (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>
Rent Supplement Program	-\$400,000	...	\$550,028	\$150,028
Total Changes	-400,000	...	550,028	150,028

NOTES

2005 Supplemental/Rescission. Amount reflects a portion of the \$675 million rescission enacted for contract amendments, pursuant to the fiscal year 2005 Consolidated Appropriations Act (P.L. 108-447).