

PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
2007 Summary Statement and Initiatives  
(Dollars in Thousands)

HOUSING CERTIFICATE FUND	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2005 Appropriation .....	\$4,200,000	\$3,677,808	-\$1,490,009	\$6,387,799	\$4,974,024	\$11,095,636
2006 Appropriation/Request .....	...	3,463,774	-2,050,000	1,413,774	1,413,774	3,717,160
2007 Request .....	<u>...</u>	<u>2,000,000</u>	<u>-2,000,000</u>	<u>...</u>	<u>...</u>	<u>3,278,259</u>
Program Improvements/Offsets .....	...	-1,463,774	+50,000	-1,413,774	-1,413,774	-438,901

**Summary Statement**

No new funds are requested for the Housing Certificate Fund in fiscal year 2007. In fiscal year 2005, Congress established two new accounts, Tenant-Based Rental Assistance and Project-Based Rental Assistance, to administer the activities of the Housing Certificate Fund.

**Initiatives**

No new initiatives are proposed for this account.

Housing Certificate Fund

PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
Summary of Resources by Program  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Contract Renewals a/...	\$4,166,400	\$918,103	\$5,084,503	\$4,350,960	...	\$1,177,807	\$1,177,807	...
Administrative Fees ...	...	370,088	370,088	79,380	...	2,579	2,579	...
Section 8 Rental								
Assistance .....	...	129,225	129,225	101,507	...	27,718	27,718	...
Central Fund .....	...	47,981	47,981	43,836	...	4,144	4,144	...
Contract Administrators	...	11,054	11,054	51,350	...	93,799	93,799	...
Section 8 Amendments ..	...	37,386	37,386	299,288	...	107,712	107,712	...
Family Self-Sufficiency								
Coordinators .....	...	47,717	47,717	47,702	...	15	15	...
Incremental Vouchers ..	...	42	42	...	...	...	...	...
Section 8 Counseling ..	...	866	866	...	...	...	...	...
Jobs Plus Demonstration	...	500	500	...	...	...	...	...
Recapture of Prior Year								
Balances .....	...	2,114,846	2,114,846	...	...	...	...	...
Recaptures anticipated								
in fiscal year 2006 ..	...	...	...	...	...	2,050,000	2,050,000	...
Rescission of Prior								
Year Balances .....	<u>-1,456,409</u>	<u>...</u>	<u>-1,456,409</u>	<u>...</u>	<u>-\$2,050,000</u>	<u>...</u>	<u>-2,050,000</u>	<u>...</u>
Total .....	2,709,991	3,677,808	6,387,799	4,974,023	-2,050,000	3,463,774	1,413,774	...

a/ Contract Renewals 2005 Budget Authority is net of a \$33.6 million across-the-board rescission.

NOTE: Of the \$2,115 million shown as "Recapture of Prior Year Balances," \$693 million is due to Office of Inspector General recommended adjustments to fiscal year 2004 obligated balances that were not actually realized until fiscal year 2005.

Housing Certificate Fund

PUBLIC AND INDIAN HOUSING  
 HOUSING CERTIFICATE FUND  
 Program Offsets  
 (Dollars in Thousands)

<b>Contract Renewals</b>	<u>Amount</u>
2005 Appropriation .....	\$4,166,400
2006 Appropriation/Request .....	...
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

**Proposed Actions**

No new funds are requested for the Housing Certificate Fund in fiscal year 2007. In fiscal year 2005, Congress established two new accounts, Tenant-Based Rental Assistance and Project-Based Rental Assistance, to administer the activities of the Housing Certificate Fund. The fiscal year 2007 budget request continues the account structure established in fiscal 2005. Future program activities will be funded in the Tenant-Based Rental Assistance and Project-Based Rental Assistance accounts.

Housing Certificate Fund

PUBLIC AND INDIAN HOUSING  
 HOUSING CERTIFICATE FUND  
 Program Offsets  
 (Dollars in Thousands)

<b>Section 8 Amendments</b>	<u>Amount</u>
2005 Appropriation .....	...
2006 Appropriation/Request .....	...
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

The need for Section 8 amendment funds results from insufficient funds provided for long-term project-based contracts funded primarily in the 1970's and 1980's. During those years, the Department provided contracts that were for terms of up to 40 years. Estimating funding needs over such a long period of time proved to be problematic, and, as a result, many of these Section 8 contracts were inadequately funded. The current practice of renewing expiring contracts for a 1-year term helps to ensure that the problem of inadequately funded contracts is not repeated. However, older long-term contracts that have not reached their termination dates and have not entered the 1-year renewal cycle must be provided amendment funds for the projects to remain financially viable and thus maintain the inventory of affordable rental housing. In fiscal year 2007, HUD is once again assuming that Section 8 Amendment needs will be met from recaptures.

**PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
Justification of Proposed Changes in Appropriations Language**

The 2007 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.

Of the unobligated balances, including recaptures and carryover, remaining from funds appropriated to the Department of Housing and Urban Development under this heading, the heading "Annual contributions for assisted housing", the heading "Tenant-based rental assistance", and the heading "Project-based rental assistance", for fiscal year [2005] 2006 and prior years, [~~\$2,050,000,000~~] \$2,000,000,000 is rescinded, to be effected by the Secretary no later than September 30, [2006] 2007: Provided, That, if insufficient funds exist under these headings, the remaining balance may be derived from any other heading under this title: [Provided further, That the Secretary shall notify the Committees on Appropriations 30 days in advance of the rescission of any funds derived from the headings specified above:] Provided further, That any such balances governed by reallocation provisions under the statute authorizing the program for which the funds were originally appropriated shall be available for the rescission: Provided further, That any obligated balances of contract authority from fiscal year 1974 and prior that have been terminated shall be cancelled[: Provided further, That no amounts recaptured from amounts appropriated in prior years under this heading or the heading "Annual contributions for assisted housing" and no carryover of such appropriated amounts for project-based assistance shall be available for the calendar year 2006 funding cycle for activities provided for under the heading "Tenant-based rental assistance"].

**Explanation of Changes**

The Department is proposing to rescind \$2,000,000,000 under this heading, the heading "Annual contributions for assisted housing," the heading "Tenant-based rental assistance," and the heading "Project-based rental assistance," for fiscal year 2006 and prior years. If insufficient funds exist under these headings, the remaining balance may be derived from any other heading under this title.

Housing Certificate Fund

PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
Crosswalk of 2005 Availability  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Contract Renewals .....	\$4,200,000	-\$33,600	...	...	\$918,103	\$5,084,503
Administrative Fees .....	...	...	...	...	370,088	370,088
Section 8 Rental Assistance .....	...	...	...	...	129,225	129,225
Central Fund .....	...	...	...	...	47,981	47,981
Contract Administrators .....	...	...	...	...	11,054	11,054
Section 8 Amendments .....	...	...	...	...	37,386	37,386
Family Self-Sufficiency Coordinators	...	...	...	...	47,717	47,717
Incremental Vouchers .....	...	...	...	...	42	42
Section 8 Counseling .....	...	...	...	...	866	866
Jobs Plus Demonstration .....	...	...	...	...	500	500
Recapture of Prior Year Balances.....	...	...	...	...	2,114,846 <sup>a</sup>	2,114,846
Recaptures anticipated in fiscal year 2006 .....	...	...	...	...	...	...
Rescission of Prior Year Balances ...	...	-1,456,409	...	...	...	-1,456,409
Total .....	4,200,000	-1,490,009	...	...	3,677,808	6,387,799

a/ Includes \$693 million in OIG recommended adjustments to fiscal year 2004 obligated balances. These adjustments were not actually realized until fiscal year 2005.

Housing Certificate Fund

PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
Crosswalk of 2006 Changes  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Contract Renewals .....	...	...	...	...	\$1,177,807	\$1,177,807
Administrative Fees .....	...	...	...	...	2,579	2,579
Section 8 Rental Assistance .....	...	...	...	...	27,718	27,718
Central Fund .....	...	...	...	...	4,144	4,144
Contract Administrators .....	...	...	...	...	93,799	93,799
Section 8 Amendments .....	...	...	...	...	107,712	107,712
Family Self-Sufficiency Coordinators	...	...	...	...	15	15
Incremental Vouchers .....	...	...	...	...	...	...
Section 8 Counseling .....	...	...	...	...	...	...
Jobs Plus Demonstration .....	...	...	...	...	...	...
Recapture of Prior Year Balances ....	...	...	...	...	...	...
Recaptures anticipated in fiscal year 2006 .....	...	...	...	...	2,050,000	2,050,000
Rescission of Prior Year Balances ...	<u>-\$2,500,000</u>	<u>...</u>	<u>-\$2,050,000</u>	<u>...</u>	<u>...</u>	<u>-2,050,000</u>
Total .....	-2,500,000	...	-2,050,000	...	3,463,774	1,413,774