

PUBLIC AND INDIAN HOUSING  
TENANT-BASED RENTAL ASSISTANCE  
2007 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>
2005 Appropriation .....	\$10,685,000 <sup>a</sup>	...	-\$85,480	\$10,599,520	\$10,512,613	\$10,030,708
2006 Appropriation/Request .....	15,573,656	\$86,907	234,563 <sup>b</sup>	15,895,126	15,895,126	15,434,000
2007 Request .....	<u>15,920,000</u>	<u>...</u>	<u>...</u>	<u>15,920,000</u>	<u>15,920,000</u>	<u>16,024,000</u>
Program Improvements/Offsets .....	+346,344	-86,907	-234,563	+24,874	+24,874	+590,000

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 were \$14.8 billion.

b/ Net of \$155.7 million for the across-the-board rescission and \$390.3 million supplemental for Disaster Assistance.

**Summary Statement**

A total of \$15.92 billion is requested for Tenant-Based Rental Assistance in 2007. The 2007 request in this account represents a net overall increase of \$111.8 million from the fiscal year 2006 enacted level of \$15.808 billion. The increase in this account is attributable to the renewal of tenant protection vouchers, as well as an inflationary adjustment necessary to ensure the continued value of a Section 8 voucher. It should be noted that a one-time \$390 million supplemental appropriation in this account to provide assistance to areas impacted by Hurricanes Katrina and Rita masks the real increase in this program. Setting aside the supplemental, the increase from 2006 to 2007 is \$502 million.

Of the total amount requested, \$14.436 billion is requested to cover the renewal of expiring tenant-based Section 8 contracts in calendar year 2007, \$1.281 billion for administrative fees for tenant-based renewals as well as initial tenant protection units, \$149.3 million for tenant protection needs, \$47.5 million for the Family Self-Sufficiency program, and \$5.9 million is requested for the Working Capital Fund.

The net increase of \$111.8 million in budget authority above the fiscal year 2006 enacted level is due to several factors. Contract renewals are funded at \$14.436 billion, which is an increase of \$487 million to renew existing contracts. In fiscal year 2007, \$1.281 billion is requested for administrative fees to administer the programs, an increase of \$43.6 million from the 2006 enacted level. Further, the Department is requesting \$149.3 million for tenant protection activities, a decrease of \$28.9 million from last year's enacted appropriation. The request for the Family Self-Sufficiency program at \$47.5 million, and the requested level for the Working Capital Fund of \$5.9 million are unchanged from the fiscal year 2006 levels. Finally, the Department is not requesting any additional appropriations for Hurricanes Katrina and Rita, which is a decrease of \$390 million from the fiscal year 2006 enacted level.

Tenant-Based Rental Assistance

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TENANT-BASED RENTAL ASSISTANCE  
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 .....	\$9,188,885	...	\$9,188,885	\$9,188,382	\$13,948,858	\$503	\$13,949,361	\$14,436,200
Administrative Fees ...	1,200,426	...	1,200,426	1,196,584	1,237,500	3,842	1,241,342	1,281,100
Section 8 Rental Assistance .....	161,696	...	161,696	124,766	178,200	36,930	215,130	149,300
FSS Coordinators .....	45,632	...	45,632	...	47,520	45,632	93,152	47,500
Central Fund .....	...	...	...	...	...	...	...	...
Working Capital Fund ..	2,881	...	2,881	2,881	5,841	...	5,841	5,900
Disaster Recovery .....	...	...	...	...	<u>390,300</u>	...	<u>390,300</u>	...
Total .....	10,599,520	...	10,599,520	10,512,613	15,808,219	86,907	15,895,126	15,920,000

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters .....	400	394	391
Field .....	<u>429</u>	<u>425</u>	<u>421</u>
Total .....	829	819	812

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

<b>Contract Renewals</b>	<u>Amount</u>
2005 Appropriation .....	\$9,188,885
2006 Appropriation/Request .....	13,948,858
2007 Request .....	<u>14,436,200</u>
Program Improvements/Offsets .....	+487,342

**Proposed Actions**

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.

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.

In addition to amounts provided, the Department will continue to promote the State and Local Housing Flexibility Act of 2005. 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 unnecessarily 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.

The fiscal year 2005 VA/HUD/IA 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 the long-term sustainability of the tenant-based voucher program. The objectives of the Flexible Voucher Program are:

- 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.

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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 2006. The State and Local Housing Flexibility Act of 2005 introduced in both the House and the Senate seeks to authorize this funding approach on a permanent basis and end the unit-driven nature of the current authorizing legislation through the Flexible Voucher Program. 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. 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. 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. 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.

In summary, the Flexible Voucher Program provides needed 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 reductions in the Department's other programs, or preventing necessary increases in those same programs.

Tenant-Based Rental Assistance

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 Program Offsets  
 (Dollars in Thousands)

<b>Administrative Fees</b>	<u>Amount</u>
2005 Appropriation .....	\$1,200,426
2006 Appropriation/Request .....	1,237,500
2007 Request .....	<u>1,281,100</u>
Program Improvements/Offsets .....	+43,600

**Proposed Actions**

HUD will distribute administrative fees in 2007 on a pro-rata basis, as was done in fiscal year 2006. HUD will also study cost data from PHAs over the course of several previous years to determine an appropriate methodology for calculating fees for each agency in 2008 and beyond.

In addition, the Department is requesting that up to \$30 million of the requested \$1.281 billion be available to allocate to PHAs that need additional funds to administer their section 8 programs, with up to \$20 million available for fees associated with Section 8 tenant protection rental assistance. This \$30 million will be used to ensure that PHAs who agree to administer the tenant protection units or other special programs such as Hard-to-House, Lead-Based Paint, and Homeownership receive an administrative fee for the additional cost of administering these programs.

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Program Offsets  
(Dollars in Thousands)

<b>Section 8 Rental Assistance</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$161,696
2006 Appropriation/Request .....	178,200
2007 Request .....	<u>149,300</u>
Program Improvements/Offsets .....	-28,900

**Proposed Actions**

The Department proposes \$149.3 million in new budget authority for Section 8 Rental Assistance in 2007. The Department proposes to address additional potential program needs through the utilization of unobligated Section 8 balances, including carryover and recaptures.

Funds appropriated in fiscal year 2007 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, project-based moderate rehabilitation, project-based moderate rehabilitation SRO, HOPE VI, Mandatory and Voluntary Conversions, 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 proposed rescission and 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)**

<b>FSS Coordinators</b>	<u><b>Amount</b></u>
2005 Appropriation .....	\$45,632
2006 Appropriation/Request .....	47,520
2007 Request .....	<u>47,500</u>
Program Improvements/Offsets .....	-20

**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 - 2007

	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006 (estimate)</b></u>	<u><b>2007 (estimate)</b></u>
Number of FSS Coordinators funded	1,145	1,043	992	1,200	1,173
Number of participating PHAs funded	778	591	578	650	729

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Program Offsets  
(Dollars in Thousands)

<b>Disaster Recovery</b>	<b><u>Amount</u></b>
2005 Appropriation .....	...
2006 Appropriation/Request .....	\$390,300
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	-390,300

**Proposed Actions**

Due to the impact of Hurricanes Katrina and Rita, Congress enacted a supplemental appropriation of \$390.3 million in 2006 to provide housing vouchers for pre-disaster HUD assisted households in the disaster areas. These supplemental funds were appropriated in the Tenant-Based Rental Assistance account to provide housing assistance payments and administrative fees as modeled after Section 8. The Department is not requesting an additional appropriation for this activity in fiscal year 2007.



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Program Offsets  
(Dollars in Thousands)**

<b>Working Capital Fund</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$2,881
2006 Appropriation/Request .....	5,841
2007 Request .....	<u>5,900</u>
Program Improvements/Offsets .....	+59

**Proposed Actions**

PIH Voucher Program IT Requirements

The Department is proposing \$5.9 million for the Working Capital Fund. Items and activities to be funded include:

Customer Assistance Sub-System (CASS)	\$81,000
Financial Assessment Sub-System (FASS/PH)	\$581,562
Integrated Assessment Sub-System (NASS)	\$388,320
Web Access Security Sub-System (WASS)	\$359,200
Inventory Management	\$781,400
Resource Allocation	\$2,887,500
Oversight and Monitoring	\$698,000
<u>Enterprise Income Verification</u>	<u>\$123,018</u>
TOTAL	\$5,900,000

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: <b>TENANT-BASED RENTAL ASSISTANCE</b>					
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	
		2005 Plan	2005 Actual	2006 Plan	2007 Plan
Increase the cumulative homeownership closings under the homeownership option of the Housing Choice Voucher program to 8,000 at the end of fiscal year 2007.	PIH Information Center; Form 50058	4,000	5,121	6,000	8,000
The proportion of Housing Choice Voucher Program funding managed by troubled housing agencies decreases annually by 10 percent.	SEMAP; PIH Inventory Management System database	3.96%	4.72%	Decrease by 10%	Decrease by 10%
The high incidence of program errors and improper payments in HUD's rental housing assistance programs will be reduced.	Periodic PDR&R, PIH, and Housing reporting	Reduce errors by 50%	Reduced errors by 67%	Improper payments will be no more than 5% of total payments	Improper payments will be no more than 3% of total payments

The Department has established an efficiency measure for this program, which is to report the annual total cost per voucher (Housing Assistance Payment and Administrative Fee) by Public Housing Agency.

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**Explanation of Indicators**

**Indicator: Increase the cumulative homeownership closings under the homeownership option of the Housing Choice Voucher/Flexible Voucher program to 8,000 at the end of fiscal year 2007.**

Increasing homeownership among low-income and minority households is one of the Department's most important initiatives. The homeownership option under the Housing Choice Voucher Program helps accomplish this objective by allowing Public Housing Agencies (PHAs) to provide voucher assistance to low-income first-time homebuyers for monthly homeownership expenses rather than for monthly rental payments, the most typical use of voucher assistance. Together with credit counseling, pre- and post-purchase homeownership counseling, as well as strong and committed collaborations among PHAs, State Housing Finance Agencies, government sponsored enterprises, realtors, non-profit housing agencies and lenders, the program has proven to be essential in providing the American dream of homeownership to families across the country.

Although the Homeownership Voucher program is voluntary, a Program Assessment Rating Tool (PART) analysis on the program indicates that it has over achieved its annual goals consistently since the program began. At the end of fiscal year 2005, PIH reported 5,121 Housing Choice Voucher rental assistance families have become homeowners; an increase of 3,069 homeownership closings from the 2,052 homeownership closings in fiscal year 2004. The programs success is attributed to its administrative fee incentive, as well as PIH's partnership with NeighborWorks America under a \$1 million cooperation agreement to provide homeownership technical assistance to PHAs, as well as extensive homeownership workshop training to over 1,000 PHAs and their homeownership partners in HUD's 10 Regional Offices. Under a similar contract, PIH is also providing homeownership technical assistance and training to PHAs who will focus on providing homeownership units to a nationwide disability population as well as colonias residents in the Southwest Border Region of the United States.

Although the Department plans to expand homeownership voucher utilization through the continued use of an administrative fee incentive, the actual increase in homeownership closings will continue to fluctuate. This is based on improved market conditions, PHA homeownership capacity building, availability of financing for first-time low- and-moderate income homebuyers, and increases in mortgage loan interest rates. The goal for fiscal year 2006 is to increase the cumulative number of voucher homeownership closings to 6,000, and maintain the same goal of 2,000 voucher homeownership closings for fiscal year 2007, increasing the total cumulative number of closings to 8,000.

**Indicator: The proportion of Housing Choice Voucher Program/Flexible Voucher Program funding managed by troubled housing agencies decreases annually by 10 percent.**

By maintaining a low share of vouchers managed by troubled housing agencies, the Department hopes to ensure that all vouchers are used effectively. This indicator tracks the share of assistance under the Housing Choice Voucher program that is vulnerable to mismanagement by troubled housing agencies. Using the Section Eight Management Assessment Program, HUD rates the PHAs based on factors including: waiting list management, rent reasonableness determinations, adjusted income verification, housing quality standards inspections and enforcement, expanding housing opportunities, lease-up rates, Family Self-Sufficiency program participation, and correct tenant rent calculations. PHAs are designated as troubled when they receive less than 60 percent of the maximum points they can achieve.

In fiscal year 2005 the number of troubled housing agencies was 4.72 percent. It is anticipated that the move from a unit-based to a budget-based program should reduce the number of troubled PHAs by 10 percent per year in fiscal years 2006 and 2007. The change requires the PHA to manage within their budget and enforces a new level of financial discipline upon the organization. With this change the number of troubled PHAs should decrease as the creation of a PHA Watch List combined with quarterly monitoring enhances HUD's oversight on the PHA as well as early detection of potential problems are readily addressed and corrected. The passage of the State and Local Housing Flexibility Act (SLHFA) would simplify the program and give PHAs greater flexibility while requiring more

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accountability. Under SLHFA the PHA will have greater latitude in the admission or families, allow the PHA to keep or revise income targeting, devise a local rent structure, determine reasonable rents and provide for homeownership assistance. Currently many of these actions require the PHA to petition HUD to request a waiver of some of these provisions. Through SLHFA, a PHA will tailor its program to best serve the local community.

**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 over \$26 billion in annual expenditures. 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. 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 surpassed the 2005 target with a 62 percent reduction in gross improper payments from 2000 levels.

HUD's success in achieving its reduction goals can be attributed to the Rental Housing Integrity Improvement Project (RHIIP). HUD initiated the RHIIP in the spring of 2001 to address this improper payment issue and the associated high program risks and material internal control weaknesses identified by the GAO and HUD Inspector General. An initial focus of the RHIIP effort was to reach out and communicate the nature and significance of the improper payment problem to HUD's program partners, housing industry groups, and tenant advocacy groups, and to solicit their support in developing and implementing corrective actions to reduce improper payments. The RHIIP efforts focused on providing better program guidance and training to program administrators, tenant beneficiaries, and followed up with more monitoring that proper procedures were being followed by HUD staff. HUD worked with PHAs to encourage more efficient and effective verification of income by cross-checking with State wage data. A number of PHAs used this verification tool but it was cumbersome to establish and had some data limitation. HUD received new statutory authority from Congress for limited access, with privacy safeguards, to HHS' National Directory of New Hires. PHA are now able to use this data base to verify tenant incomes with appropriate releases by tenants. As a further safeguard against abuse, the verification is only possible after a person has received HUD rental assistance. HUD is evaluating the effectiveness of this new tool including the privacy safeguards. If it found effective after evaluation, it may be extended to project based verifications. Other contributing factors to this reduction included increased monitoring by Performance-Based Contract Administrators (PBCAs) in the Section 8 Project-Based Assistance Program; early impacts of the Rental Integrity Monitoring (RIM) efforts in the public housing and Housing Choice Voucher programs; promotion and initiation of improved computer matching efforts for tenant income verification; and improvements to the process for measuring the impacts of undisclosed tenant income sources.

With enactment of the Improper Payments Information Act of 2002 (IPIA), and issuance of OMB's implementation guidance for the IPIA, HUD is now required to annually set goals and report on its progress in reducing gross improper payment levels as a percentage of total program payments. In fiscal year 2006, HUD plans to limit improper payments to no more than 5 percent of total payments. In fiscal year 2007, HUD plans to limit improper payments to no more than 3 percent of total payments. To achieve these results, HUD will continue to build on earlier efforts to better assure proper payments and continue to strengthen HUD's capacity for proper oversight of the rental housing assistance programs.

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**PUBLIC AND INDIAN HOUSING  
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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.

**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, [\$15,573,655,725] \$15,920,000,000, to remain available until expended, of which [\$11,373,656,000] \$11,720,000,000 shall be available on October 1, [2005] 2006 and \$4,200,000,000 shall be available on October 1, [2006] 2007: *Provided*, That the amounts made available under this heading are provided as follows:

- (1) [\$14,089,755,725] \$14,436,200,000 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 [2006] 2007 funding cycle shall provide renewal funding for each public housing agency based on [each public housing agency's 2005 annual budget for renewal funding as calculated by HUD, prior to prorations] the amount public housing agencies were eligible to receive in calendar year 2006, and by applying the 2007 Annual Adjustment Factor as established by the Secretary, and by making any necessary adjustments for the costs associated with deposits to Family Self-Sufficiency Program escrow accounts or the first-time renewal of tenant protection or HOPE VI vouchers [or vouchers that were not in use during the 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act]: *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 except as provided in the following proviso, 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 up to [\$45,000,000] \$100,000,000 shall be available [only: (1) to adjust the allocations for public housing agencies, after application for an adjustment by a public housing agency and verification by HUD, whose allocations under this heading for contract renewals for the calendar year 2005 funding cycle were based on verified VMS leasing and cost data averaged for the months of May, June, and July of 2004 and solely because of temporarily low leasing levels during such 3-month period did not accurately reflect leasing levels and costs for the 2004 fiscal year of the agencies; and (2) for adjustments for public housing agencies that experienced a significant increase, as determined by the Secretary, in renewal costs resulting from unforeseen circumstances or from the portability under section 8(r) of the United States Housing Act of 1937 of tenant-based rental assistance: *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] for additional rental subsidy due to unforeseen exigencies as determined by the Secretary and for the one-time funding of housing assistance payments resulting from the portability provisions of the housing choice voucher program;
- (2) [\$180,000,000] \$149,300,000 for section 8 rental assistance for relocation and replacement of housing units under lease 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

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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, and tenant protection assistance, including replacement and relocation assistance: *Provided*, That [no more than \$12,000,000 can be used for section 8 assistance to cover the cost of judgments and settlement agreements] additional section 8 tenant protection rental assistance costs may be funded in 2007 by utilizing 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 "Housing Certificate Fund", and the heading "Project-based rental assistance", for fiscal year 2006 and prior years;

- (3) [\$48,000,000] \$47,500,000 for family self-sufficiency coordinators under section 23 of the Act;
- (4) [\$5,900,000] \$5,900,000 shall be transferred to the Working Capital Fund; and
- (5) [\$1,250,000,000] \$1,281,100,000 for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, of which up to [\$10,000,000] \$30,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, with up to \$20,000,000 to be for fees associated with section 8 tenant protection rental assistance: *Provided*, That [\$1,240,000,000] \$1,251,100,000 of the amount provided in this paragraph shall be allocated for the calendar year [2006] 2007 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 [2005] 2006: *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.

**Explanation of Changes**

- Includes language to base calendar year 2007 renewal funds on what PHAs were eligible to receive in calendar year 2006.
- Adds language including Family Self-Sufficiency escrow accounts as a basis for adjusting renewal funds.
- Includes language for a central fund to address unforeseen exigencies and portability costs.
- Includes language to allow for the use of recaptures to fund tenant protection
- Includes language to set-aside administrative fees to cover fees for Section 8 tenant protection rental assistance.

Tenant-Based Rental Assistance

PUBLIC AND INDIAN HOUSING  
 TENANT-BASED RENTAL ASSISTANCE  
 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 .....	\$9,262,989	-\$74,104	...	...	...	\$9,188,885
Administrative Fees .....	1,210,107	-9,681	...	...	...	1,200,426
Section 8 Rental Assistance .....	163,000	-1,304	...	...	...	161,696
FSS Coordinators .....	46,000	-368	...	...	...	45,632
Central Fund .....	...	...	...	...	...	...
Working Capital Fund .....	2,904	-23	...	...	...	2,881
Disaster Recovery .....	...	...	...	...	...	...
Total .....	10,685,000	-85,480	...	...	...	10,599,520

Tenant-Based Rental Assistance

PUBLIC AND INDIAN HOUSING  
 TENANT-BASED RENTAL ASSISTANCE  
 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 .....	\$14,089,756	\$14,089,756	-\$140,898	...	\$503	\$13,949,361
Administrative Fees .....	1,295,408	1,250,000	-12,500	...	3,842	1,241,342
Section 8 Rental Assistance .....	354,081	180,000	-1,800	...	36,930	215,130
FSS Coordinators .....	55,000	48,000	-480	...	45,632	93,152
Central Fund .....	45,000	...	...	...	...	...
Working Capital Fund .....	5,949	5,900	-59	...	...	5,841
Disaster Recovery .....	...	...	<u>390,300</u>	<u>...</u>	<u>...</u>	<u>390,300</u>
Total .....	15,845,194	15,573,656	234,563	...	86,907	15,895,126



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

	<u>Units</u>	<u>Per Unit Cost</u>	<u>Obligations</u>
<b>FY 2005:</b>			
Tenant Protections	23,813	NA	\$124,766,482
Administrative Fee	NA	NA	1,196,583,756
Family Self-Sufficiency Coordinators	NA	NA	...
Working Capital Fund	NA	NA	2,880,768
Voucher Contract Renewals	NA	NA	9,188,381,612
Total, fiscal year 2005 Obligations	23,813	NA	10,512,612,618
Total fiscal year 2005 Tenant-Based Rental Assistance Unobligated Funds:			86,907,382

NA = Not Applicable.

**Tenant-Based Rental Assistance  
FY 2006 Enacted**

	<u>Units</u>	<u>Per Unit Cost</u>	<u>Budget Authority</u>
<b>FY 2006:</b>			
Tenant Protections--Housing & CPD	16,026	\$6,982	\$110,774,597
Tenant Protections--PIH	9,755	6,982	67,425,403
Administrative Fee	NA	NA	1,237,500,000
Family Self-Sufficiency Coordinators	NA	NA	47,520,000
Working Capital Fund	NA	NA	5,841,000
Voucher Contract Renewals	NA	NA	13,948,858,168
Total, fiscal year 2006 Tenant-Based Rental Assistance	25,781	NA	15,417,919,168

NOTE: Amounts are net of a 1 percent across-the-board rescission.

NA = Not Applicable

**Tenant-Based Rental Assistance**  
**FY 2007 Request**

	<u>Units</u>	<u>Per Unit Cost</u>	<u>Budget Authority</u>
<b>FY 2007:</b>			
Section 8 Tenant Protection Rental Assistance	20,922	\$7,136	\$149,300,000
Administrative Fee	NA	NA	1,281,100,000
Family Self-Sufficiency Coordinators	NA	NA	47,500,000
Working Capital Fund	NA	NA	5,900,000
Voucher Contract Renewals	NA	NA	14,436,200,000
 Total, fiscal year 2007 Tenant-Based Rental Assistance	 20,922	 NA	 15,920,000,000

NA = Not Applicable