

HOUSING
 RENT SUPPLEMENT PROGRAM
 2007 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>
2005 Appropriation .....	...	\$648,262 ^a	-\$582,800 ^b	\$65,462	\$34,427	\$54,942
2006 Appropriation/Request	\$7,600 ^c	31,036 ^d	-76 ^e	38,560	7,524	54,779
2007 Request	<u>6,930</u>	<u>...</u>	<u>...</u>	<u>6,930</u>	<u>6,930</u>	<u>54,616</u>
Program Improvements/Offsets	-670	-31,036	+76	-31,630	-594	-163

- a/ Includes \$550 million in carryover from fiscal year 2004 and \$98 million in recaptures from fiscal year 2005.
- b/ 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).
- c/ Included in total of \$26.4 million appropriated for contract amendments, pursuant to the fiscal year 2006 Appropriations Act (P.L. 109-115); balance in Rental Housing Assistance program.
- d/ Not all the carryover balance will be available. Of this amount, only the portion recaptured from the termination of contracts may be available for re-obligation. Amounts recovered from correction of estimated obligations will be cancelled.
- e/ Reflects a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).

Summary Statement

In fiscal year 2007, \$6.9 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 provided directly to the project owner. The program was replaced by Section 8 and the only new commitments since then have been for amendments to contracts on State-aided, non-insured projects.

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 converted their Rent Supplement assistance to Section 8 assistance during the 1980s. However, about 15,000 rent supplement units remain in HUD's inventory. Most of these are associated with non-insured State-aided Section 236 projects.

Since 1983, these amendments have been supported with 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 relied on these set-asides for funding fiscal year 2005 amendment needs, any balances remaining at the end of fiscal year 2005 are rescinded. Beginning in fiscal year 2006, 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 17,239 for fiscal year 2005, 17,188 for fiscal year 2006, and 17,137 for fiscal year 2007. Amendment needs 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>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>
Amendments to State								
Agency RS Contracts ..	<u>-\$582,800</u>	<u>\$648,262</u>	<u>\$65,462</u>	<u>\$34,427</u>	<u>\$7,524</u>	<u>\$31,036</u>	<u>\$38,560</u>	<u>\$6,930</u>
Total	<u>-582,800</u>	<u>648,262</u>	<u>65,462</u>	<u>34,427</u>	<u>7,524</u>	<u>31,036</u>	<u>38,560</u>	<u>6,930</u>

2004 Carryover Into 2005. Includes \$550 million in carryover from fiscal year 2004 and \$98 million in recaptures from fiscal year 2005.

2005 Budget Authority. 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).

2006 Budget Authority. Adjusted for a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).

2005 Carryover Into 2006. Not all the carryover balance will be available. Of this amount, only the portion recaptured from the termination of contracts may be available for re-obligation. Amounts recovered from correction of estimated obligations will be cancelled.

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters	<u>1</u>	<u>1</u>	<u>1</u>
Field	<u>3</u>	<u>3</u>	<u>4</u>
Total	<u>4</u>	<u>4</u>	<u>5</u>

Rent Supplement Program

HOUSING
RENT SUPPLEMENT PROGRAM
Program Offsets
(Dollars in Thousands)

Amendments to State Agency RS Contracts	<u>Amount</u>
2005 Appropriation	-\$582,800
2006 Appropriation/Request	7,524
2007 Request	<u>6,930</u>
Program Improvements/Offsets	-594

The 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).

The 2006 Appropriation reflects a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).

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	
			2005 Plan	2005 Actual	2006 Plan	2007 Plan
The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 95 percent.		MF Program Office and Annual Performance Plan	95%	95.9%	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

**HOUSING
RENT SUPPLEMENT PROGRAM
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.

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. 1715z-1) in State-aided, non-insured rental housing projects, [~~\$26,400,000~~ \$24,750,000, to remain available until expended [:Provided That amendments to such contracts hereafter may be for a period less than the remaining term of the respective contract]. (Departments of Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006)

Explanation of Changes

This language includes amendment funding for both the Rent Supplement (\$6.9 million) and Rental Housing Assistance Payment (\$17.8 million) programs.

Beginning fiscal year 2006, funding for amendment needs was 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 fiscal year 2006 Appropriations Act included a provision that henceforth permits these contracts to be amended for a period less than the remaining contract term. This permanent law provision need not be repeated in subsequent enactments.

Rent Supplement Program

HOUSING
 RENT SUPPLEMENT PROGRAM
 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>
Amendments to State Agency RS						
Contracts	-\$582,800	...	...	\$648,262	\$65,462
Total	-582,800	...	...	648,262	65,462

Supplemental/Rescission. 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).

Carryover. Includes \$550 million in carryover from fiscal year 2004 and \$98 million in recaptures from fiscal year 2005.

Rent Supplement Program

HOUSING
 RENT SUPPLEMENT PROGRAM
 Crosswalk of 2006 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	2006 President's Budget <u>Request</u>	Congressional Appropriations Action on 2006 <u>Request</u>	2006 Supplemental/ <u>Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2006 <u>Resources</u>
Amendments to State Agency RS						
Contracts	\$7,600	\$7,600	-\$76	...	\$31,036	\$38,560
Total	7,600	7,600	-76	...	31,036	38,560

Carryover. Not all the carryover balance will be available. Of this amount, only the portion recaptured from the termination of contracts may be available for re-obligation. Amounts recovered from correction of estimated obligations will be cancelled.