

PUBLIC AND INDIAN HOUSING
HOUSING CERTIFICATE FUND
2008 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>
2006 Appropriation	\$2,489,063	-\$605,437	\$1,883,626	\$554,432	\$5,199,724
2007 Full-Year CR Estimate.....	...	2,352,690 ^a	-2,050,000	302,690	302,690	2,953,226
2008 Request	<u>...</u>	<u>1,600,000^b</u>	<u>-1,300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>2,881,317</u>
Program Improvements/Offsets	-752,690	+750,000	-2,690	-2,690	-71,909

a/ Includes \$1.188 billion in anticipated fiscal year 2007 recaptures and excludes \$165 million in contract authority recovered in fiscal year 2006 that the Department is required to cancel.

b/ \$1.6 billion reflects anticipated fiscal year 2008 recaptures.

Summary Statement

No new funds are requested for the Housing Certificate Fund in fiscal year 2008. 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.

This account reflects the rescission of prior year balances. The estimated rescission for 2007 (based on a full-year continuing resolution) is \$2.05 billion. The fiscal year 2007 President's request reflected a rescission of \$2.0 billion. For 2008, the Department requests a rescission of \$1.3 billion.

Initiatives

No new initiatives are proposed for this account.

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

<u>Budget Activity</u>	<u>2006 Budget Authority</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2006 Obligations</u>	<u>2007 CR Estimate</u>	<u>2006 Carryover Into 2007</u>	<u>2007 Total Resources</u>	<u>2008 Request</u>
Contract Renewals	\$2,065,623	\$2,065,623	\$156,234	...	\$1,139,388	\$1,139,388	...
Administrative Fees	2,579	2,579	2,521	...	57	57	...
Section 8 Rental								
Assistance	27,062	27,062	26,995	...	66	66	...
Contract Administrators	...	93,799	93,799	93,799
Section 8 Amendments	300,000	300,000	274,883	...	25,117	25,117	...
Recaptures Anticipated								
in 2007	1,188,062	1,188,062	...
Rescission of Prior								
Year Balances	<u>-\$605,437</u>	<u>...</u>	<u>-605,437</u>	<u>...</u>	<u>-\$2,050,000</u>	<u>...</u>	<u>-2,050,000</u>	<u>...</u>
Total	-605,437	2,489,063	1,883,626	554,432	-2,050,000	2,352,690	302,690	...

NOTE: "2006 Carryover Into 2007" includes \$165 million in contract authority recovered in Contract Renewals during fiscal year 2006 that the Department is required to cancel.

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND
Program Offsets
(Dollars in Thousands)

Section 8 Amendments	<u>Amount</u>
2006 Appropriation
2007 Full-Year CR Estimate.....	...
2008 Request
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 2008, HUD requests no new additional funds for Section 8 Amendments. However, though HUD does not request new budget authority for this activity, the Department plans to continue making Section 8 Amendment obligations as necessary using carryover and recaptured funds. These obligations typically average \$300 million a year.

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

The 2008 President's budget proposes the following appropriations language:

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 2007 and prior years, \$1,300,000,000 is cancelled, to be effected by the Secretary no later than September 30, 2008: 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 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 cancellation: Provided further, That any obligated balances of contract authority from fiscal year 1974 and prior that have been terminated shall be cancelled.

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

<u>Budget Activity</u>	<u>2006 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Contract Renewals	\$2,065,623	\$2,065,623
Administrative Fees	2,579	2,579
Section 8 Rental Assistance	27,062	27,062
Contract Administrators	93,799	93,799
Section 8 Amendments	300,000	300,000
Recaptures Anticipated in 2007
Rescission of Prior Year Balances ...	<u>...</u>	<u>-\$605,437</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>-605,437</u>
Total	-605,437	2,489,063	1,883,626

PUBLIC AND INDIAN HOUSING
HOUSING CERTIFICATE FUND
Crosswalk of 2007 Changes
(Dollars in Thousands)

<u>Budget Activity</u>	2007 President's Budget <u>Request</u>	FY 2007 <u>CR Estimate</u>	2007 Supplemental/ <u>Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2007 <u>Resources</u>
Contract Renewals	\$1,139,388 ^a	\$1,139,388
Administrative Fees	57	57
Section 8 Rental Assistance	66	66
Contract Administrators
Section 8 Amendments	25,117 ^b	25,117
Recaptures Anticipated in 2007	1,188,062	1,188,062
Rescission of Prior Year Balances ...	<u>-\$2,000,000</u>	<u>...</u>	<u>-\$2,050,000</u>	<u>...</u>	<u>...</u>	<u>-2,050,000</u>
Total	-2,000,000	...	-2,050,000	...	2,352,690	302,690

a/ Excludes \$165 million in contract authority recovered in fiscal year 2006 that the Department is required to cancel.

b/ Additional Section 8 Amendment activity will be funding through recaptures.