

HOUSING
HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)
2011 Summary Statement and Initiatives
(Dollars in Thousands)

HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2009 Appropriation	\$250,000 ^{a/}	\$209,350	...	\$459,350	\$283,716	\$336,553
2010 Appropriation/Request	300,000 ^{b/}	169,897	...	469,897	253,495	291,142
2011 Request	<u>90,037^c</u>	<u>213,402</u>	...	<u>303,439</u>	<u>206,096</u>	<u>295,393</u>
Program Improvements/Offsets	-209,963	+43,505	...	-166,458	-47,399	+4,251

a/ Appropriation includes a non-expenditure transfer to the Working Capital Fund of \$1.6 million in fiscal year 2009. These amounts are excluded from carryover, obligations and outlays but reflected in the Working Capital Fund account.

b/ The fiscal year 2010 Appropriation includes a \$3 million non-expenditure transfer to the Transformation Initiative. The fiscal year 2011 request includes a \$900 thousand non-expenditure transfer to the Transformation Initiative. These amounts are excluded from carryover, obligations and outlays but reflected in the Transformation Initiative account.

c/ The fiscal year 2011 request includes a \$900 thousand non-expenditure transfer to the Transformation Initiative. These amounts are excluded from carryover, obligations and outlays but reflected in the Transformation Initiative account.

Summary Statement

The Housing for Persons with Disabilities (Section 811) program provides capital advance grants and operating subsidies to non-profit sponsors to construct multifamily housing for very low-income people with disabilities. The Department proposes to reduce funding for Section 811 housing in 2011 and proposes to shift funding to support the Mainstream Vouchers program to the Tenant-Based Rental Assistance account. Current residents of Section 811 projects will not be affected by the overall funding reduction for the program.

The Department proposes an appropriation of \$90 million for fiscal year 2011 to fund Project Rental Assistance Contract (PRAC) Renewals and Amendments. Construction funds--capital advance grants and amendments--will be provided on an as-needed and as-available basis. PRAC funds are used to cover the difference between the HUD-approved expense to operate the project and the tenants' payment for rent (generally based on 30 percent of adjusted income). After the initial 3-year funding agreement, PRAC's are renewed for 1-year terms. Amendments are provided for PRAC contracts that are not due for a renewal but have exhausted available funding. These contracts are funded until their anniversary or expiration date.

Housing for Persons with Disabilities (Section 811)

Initiatives

The Budget provides \$90 million to primarily fund Project Rental Assistance Contract (PRAC) Renewals and Amendments. Construction funds--capital advance grants and amendments--will be provided on an as-needed and as-available basis. The Department also proposes shifting the \$113.6 million needed to renew approximately 15,000 Mainstream Vouchers from the Housing for Persons with Disabilities account to the Tenant-Based Rental Assistance account.

Housing for Persons with Disabilities (Section 811)

**HOUSING
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Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Disabled (Capital Advance and PRAC)	\$126,697	\$202,079	\$328,776	\$158,326	\$161,000	\$166,329	\$327,329	...
Disabled PRAC Renewal/Amendment	34,603	1,143	35,746	34,436	48,900	1,294	50,194	\$89,137
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	87,100	6,128	93,228	90,954	87,100	2,274	89,374	...
Transformation Initiative .....	...	...	...	...	3,000	...	3,000	900
working Capital Fund ..	<u>1,600</u>	<u>...</u>	<u>1,600</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	250,000	209,350	459,350	283,716	300,000	169,897	469,897	90,037
<u>FTE</u>	<u>2009 Actual</u>	<u>2010 Estimate</u>	<u>2011 Estimate</u>					
Headquarters	23	22	22					
Field	<u>116</u>	<u>115</u>	<u>115</u>					
Total	139	137	137					

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Program Offsets
(Dollars in Thousands)**

Disabled (Capital Advance and PRAC)	<u>Amount</u>
2009 Appropriation	\$126,697
2010 Appropriation/Request	161,000
2011 Request	<u>...</u>
Program Improvements/Offsets	-161,000
Disabled (Capital Advance and PRAC)	<u>Units</u>
2009 Appropriation.....	950 ^{a/}
2010 Appropriation/Request.....	941 ^{b/}
2011 Request	<u>...</u>
Program Improvements/Offsets	-941

a/ Actual units for fiscal year 2009.

b/ Unit estimate for fiscal year 2010.

Proposed Actions

Expansion activities will only be funded on an as-needed and as-available basis in fiscal year 2011.

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Program Offsets
(Dollars in Thousands)**

Disabled PRAC Renewal/Amendment	<u>Amount</u>
2009 Appropriation	\$34,603
2010 Appropriation/Request	48,900
2011 Request	<u>89,137</u>
Program Improvements/Offsets	+40,237

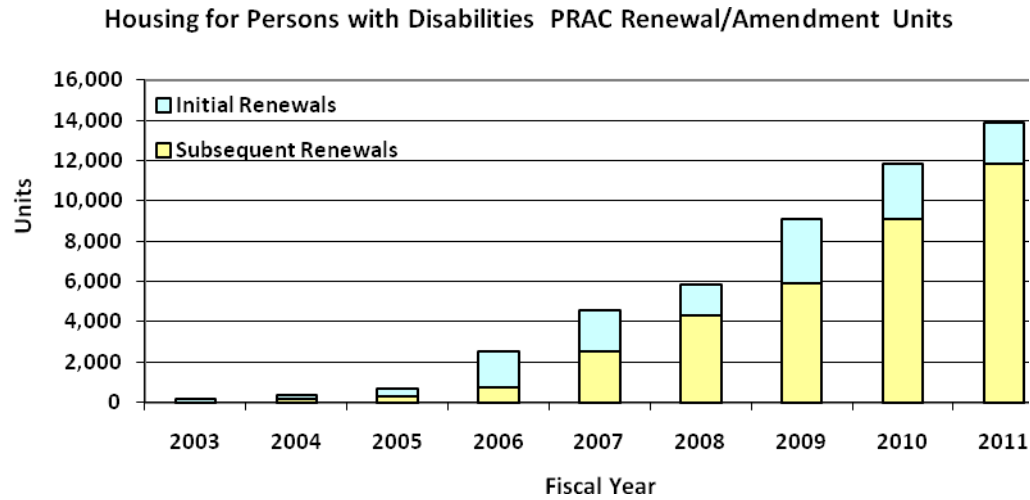
Disabled (PRAC Renewal)	<u>Units</u>
2009 Appropriation	9,113
2010 Appropriation/Request.....	11,844
2011 Request	<u>13,918</u>
Program Improvements/Offsets	+2074

Proposed Actions

The Department is proposing \$90 million in fiscal year 2011 to primarily support Project Rental Assistance Contracts (PRAC) Renewals/Amendments. The PRAC Renewal/Amendment program is continually growing. New units are funded by this program throughout the fiscal year due to PRAC contracts needing to be amended or extended. These new units represent initial PRAC contracts which have disbursed all obligated funds. During the following fiscal year, these units will be funded under a PRAC Renewal contract and the cycle of new units will repeat. Initial PRAC contracts are funded for 3 years and Renewal contracts are funded annually.

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The following chart shows a comparison of the number of new and total PRAC Renewal/Amendment units since fiscal year 2003.

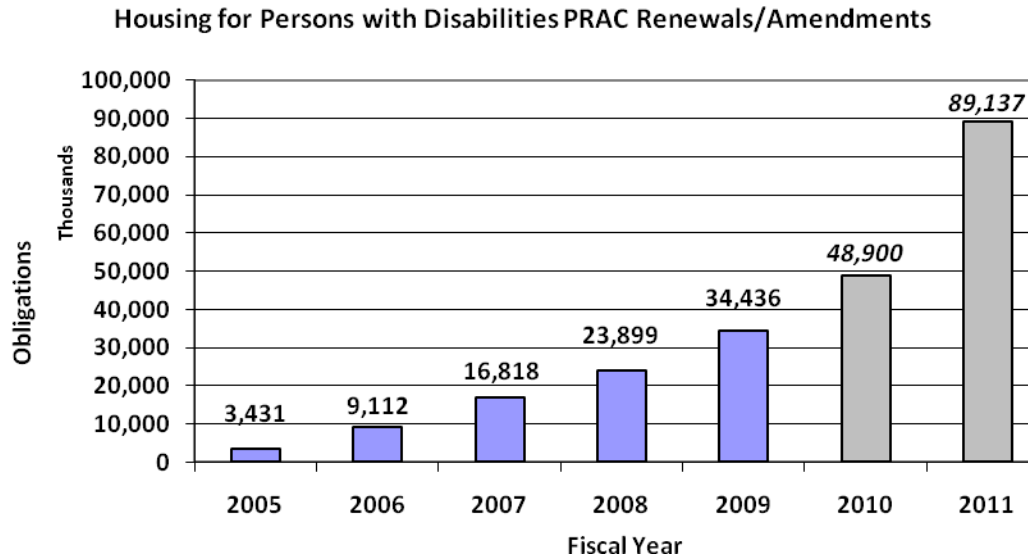


	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Initial Renewal Units	<u>194</u>	<u>238</u>	<u>358</u>	<u>1,803</u>	<u>2,036</u>	<u>1,538</u>	<u>3,177</u>	<u>2,731</u>	<u>2,074</u>
Subsequent Renewal Units		147	311	725	2,517	4,299	5,936	9,113	11,844
Total	194	385	669	2,528	4,553	5,837	9,113	11,844	13,918

The chart illustrates the growth in the number of units funded with PRAC Renewal/Amendment funds each fiscal year. The “initial renewals” represent units which have never been funded by the PRAC Renewal/Amendment program in a previous fiscal year, e.g. units for which initial PRAC contracts have disbursed all funds. The table below the chart shows a comparative flow of the units funded each fiscal year and estimated to be funded in fiscal years 2010 and 2011. Ideally, the total units funded in 1 fiscal year should equal the subsequent renewal units funded in the next fiscal year as shown between fiscal years 2009-2011. However, as the historical table demonstrates, not all units funded in 1 fiscal year receive additional funding in the next fiscal year as shown between fiscal years 2003-2004. Consequently, there could be a year where there is a dramatic increase in the number of units funded because although these units were funded previously they may not have been funded in the fiscal year(s) immediately preceding the increase as shown between fiscal years 2005-2006.

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The following chart show the amount of PRAC Renewal/Amendment obligations incurred since fiscal year 2005.



The chart illustrates the growth in the amount of budget authority that must be obligated annually to maintain operating assistance for Section 811 projects. As new projects and units come out of the construction pipeline and initial PRACs are depleted, this budget authority requirement will continue to grow with a similar trend. The fiscal year 2011 estimate reflects an analysis of subsidy balances on currently active PRAC contracts that are expected to require renewal or amendment.

NOTE: The fiscal year 2010 and 2011 obligations are estimates.

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Program Offsets
(Dollars in Thousands)**

PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	<u>Amount</u>
2009 Appropriation	\$87,100
2010 Appropriation/Request	87,100
2011 Request	<u>...</u>
Program Improvements/Offsets	-87,100

PIH Renewal of Mainstream Vouchers (Tenant-Based)	<u>Units</u>
2009 Appropriation	14,811
2010 Appropriation/Request.....	14,605
2011 Request .....	...
Program Improvements/Offsets .....	...

Proposed Actions

Previously funded from the Housing for Persons with Disabilities account, the Department is proposing to fund Mainstream Vouchers in the Tenant-Based Rental Assistance (TBRA) account in fiscal year 2011. This one-time shift will allow the Department to consolidate its voucher programs and achieve administrative savings. An explanatory statement is presented in the Tenant-Based Rental Assistance justification.

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Program Offsets
(Dollars in Thousands)**

Transformation Initiative	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request	\$3,000
2011 Request	<u>900</u>
Program Improvements/Offsets	-2,100

Proposed Actions

The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 1 percent of the funds appropriated for Housing for Persons with Disabilities account will be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.

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Program Offsets
(Dollars in Thousands)**

Working Capital Fund	<u>Amount</u>
2009 Appropriation	\$1,600
2010 Appropriation/Request .....	...
2011 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

In fiscal year 2011, all expenses related to the steady-state maintenance of HUD's information technology systems will be funded by the Working Capital Fund, program offsets to Working Capital Fund are no longer requested. All other information technology investments will be funded through the Department's Transformational Initiative. The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas.

**HOUSING
HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)
Justification of Proposed Appropriations Language**

The fiscal year 2011 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 [capital advance contracts, including amendments to capital advance contracts, for] supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), for project rental assistance for supportive housing for persons with disabilities under section 811(d)(2) of such Act, including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 1-year term, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1) of such Act, [and for tenant-based rental assistance contracts entered into pursuant to section 811 of such Act, \$300,000,000] \$90,036,817, [of which up to \$186,000,000 shall be for capital advances and project-based rental assistance contracts.] to remain available until September 30, [2013] 2014: Provided, That amounts for project rental assistance contracts are to remain available for the liquidation of valid obligations for 10 years following the date of such obligation: [Provided further, That, of the amount provided under this heading, \$87,100,000 shall be for amendments or renewal of tenant-based assistance contracts entered into prior to fiscal year 2005 (only one amendment authorized for any such contract): Provided further, That all tenant-based assistance made available under this heading shall continue to remain available only to persons with disabilities:] Provided further, That the Secretary may waive the provisions of section 811 governing the terms and conditions of project rental assistance [and tenant-based assistance], except that the initial contract term for such assistance shall not exceed 5 years in duration: Provided further, That amounts made available under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 811 Capital Advance Projects. (Department of Housing and Urban Development Appropriations Act, 2010.)

Explanation of Changes

The Department is proposing to fund Mainstream Vouchers (previously funded in the Housing for Persons with Disabilities account) from the Tenant-Based Rental Assistance (TBRA) account in fiscal year 2011.

Housing for Persons with Disabilities (Section 811)

**HOUSING
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Crosswalk of 2009 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Disabled (Capital Advance and PRAC) .	\$126,697	...	...	...	\$202,079	\$328,776
Disabled PRAC Renewal/Amendment	34,603	...	...	...	1,143	35,746
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	87,100	...	...	...	6,128	93,228
Transformation Initiative .....	...	...	...	...	...	...
Working Capital Fund	<u>1,600</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>1,600</u>
Total	250,000	209,350	459,350

Housing for Persons with Disabilities (Section 811)

**HOUSING
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Crosswalk of 2010 Changes
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Disabled (Capital Advance and PRAC) .	\$114,000	\$161,000	...	...	\$166,329	\$327,329
Disabled PRAC Renewal/Amendment	48,900	48,900	...	...	1,294	50,194
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	87,100	87,100	...	...	2,274	89,374
Transformation Initiative .....	...	3,000	...	...	...	3,000
Working Capital Fund	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	250,000	300,000	...	...	169,897	469,897