



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2012 PROGRAM AND BUDGET INITIATIVES
AFFORDABLE HOUSING RENTAL ASSISTANCE

In Fiscal Year 2012, HUD is requesting \$35.22 billion to provide affordable rental housing for low-income families across the country.

In an era when more than one-third of all American families rent their homes and 7.10 million of these families spend more than 50 percent of their income on rent¹, it remains more important than ever to provide a sufficient supply of affordable rental homes for low-income families. In many communities, affordable rental housing does not exist without public support. Each year, HUD spends the lion's share of its budget maintaining and improving crucial public housing resources, and helping families find affordable housing in private markets. Together with federal, state, and private partners, HUD is working to keep rents affordable for all families nationwide.

TENANT-BASED RENTAL ASSISTANCE

HUD's Section 8 Tenant-Based Rental Assistance (TBRA), also called the Housing Choice Voucher program, is the nation's largest and preeminent rental assistance program for low-income families. For over 35 years it has served as a cost-effective means for delivering safe and affordable housing in the private market. **In Fiscal Year 2012, HUD is requesting \$19.22 billion for TBRA programs.** With this request, HUD expects to assist over 2.2 million families by renewing existing vouchers and issuing new incremental vouchers to homeless veterans, victims of natural disasters and other vulnerable families.



HUD's top priority for the TBRA program is to maximize the resources available to provide assistance to the neediest of our nation's citizens, which include elderly, homeless, disabled persons, veterans and at-risk youth. HUD will also continue the award-winning initiative it launched in 2010 to develop tools for local housing agencies that improves the administration and utilization of vouchers. Specifically, the TBRA request includes:

- *\$17.19 billion for the renewal of existing Section 8 vouchers*, maintaining affordable housing for over 2.2 million families in need, including the renewal of special purpose vouchers funded in previous years
- *\$1.65 billion for administrative fees* associated with operating TBRA, HUD's largest program
- *\$114 million for Mainstream Section 811 vouchers* to enable persons with disabilities access to affordable, private housing of their choice, and accommodate the provision of supportive services
- *\$75 million in Tenant Protection vouchers* to families at risk of displacement from public housing, due to moderate rehabilitation, or as a result of HUD Multifamily Housing programs through no fault of their own
- *\$75 million in Veterans Affairs Supportive Housing (HUD-VASH)*
- *\$60 million for Family Self-Sufficiency Coordinators* to provide crucial services to families so that they can achieve employment goals, and accumulate assets to become financial self-sufficient
- *\$57 million in Housing and Services for Homeless Population vouchers*

PUBLIC HOUSING

On its own, the nation's housing market has not developed sufficient housing for America's poorest families. Private rental housing is in particularly short supply, a situation that has been exacerbated by shrinking incomes across the nation. HUD's public housing stock has proved to be a small but valuable asset for addressing this shortage, especially as over half of the program's 1.1 million families have an elderly or disabled head of household. HUD's Public Housing program provides funds to locally-controlled housing authorities to supplement tenant rents, maintain the buildings and manage the programs. **In Fiscal Year 2012, HUD is requesting a total of \$6.37 billion to operate public housing and address the capital needs of its physical assets.** This request includes:

- *\$3.96 billion in Public Housing Operating Funds*, coupled with \$1 billion from PHAs operating reserves, will fully fund 3,100 PHAs to operate and manage approximately 6,980 Public Housing properties nationwide

¹ "Worst Case Housing Needs 2009: Report to Congress" http://www.huduser.org/Publications/pdf/worstcase_HsgNeeds09.pdf. HUD defines "worst case housing needs" as very low-income renters who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions, or both.



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- *\$2.41 billion in Public Housing Capital Funds* to address the needs of affordable rental housing, including modernization capital grants, administrative receiverships, and financial and physical assessment support

While HUD is committed to distributing operating and capital funds in the most effective way possible, the Department recognizes that local authorities managing the properties face challenges maintaining an aging public housing stock on limited funding. Half of all public housing units were constructed prior to 1970 and require continued investment to remain viable. Underfunding will only increase the backlog of modernization needs estimated at \$20-30 billion, and expand the estimated 15.5 percent of units that do not meet physical condition standards. It is incumbent upon the federal government to find alternative, sustainable means, other than direct capital grants, to meet these needs – particularly because public housing serves tremendously vulnerable families who have few options in the event that their housing is lost. Accordingly, **HUD is requesting \$200 million in Fiscal Year 2012 for a Transforming Rental Assistance (TRA) initiative demonstration**, which is designed to *preserve public and assisted housing by increasing access to other sources of public and private capital.*

Specifically, this TRA funding request will cover the incremental cost of local agencies and owners that want to convert public housing, Section 8 Moderate Rehabilitation, Rent Supplement, and Rental Assistance programs to an improved form of long-term, project-based Section 8 contract. These funds are estimated to allow for the **conversion of approximately 255,000 public housing units, 1,600 Rent Supplement and Rental Assistance Program units, and 6,000 Moderate Rehabilitation units.** Participation in the initiative will be voluntary. HUD intends through the conversion process to preserve properties that might otherwise be lost; assure the physical and financial sustainability of remaining properties; and enable owners to leverage private financing to address immediate and long-term capital needs, improve operations, and implement energy-efficiency improvements.

PROJECT-BASED RENTAL ASSISTANCE

HUD's Project Based Rental Assistance (PBRA) program provides rental assistance funding to privately-owned multifamily rental housing projects. Eligible private owners include for-profit and non-profit organizations, cooperatives, Limited Liability Corporations, Limited Partnerships and other types of joint ownership structures. The amount of PBRA funding paid to each owner is the difference between what a household can afford (up to 30% of income) and the approved rent for an affordable housing unit in a multifamily rental housing project. These properties are financed in the same manner as entirely market rate rental developments; utilizing private financing and equity or FHA insurance. **In Fiscal Year 2012, HUD is requesting a total \$9.43 billion in funding for PBRA programs.** This includes:



- *\$9.14 billion for the renewal and amendment of existing PBRA contracts*, including Project-Based Section 8 contracts, Moderate Rehabilitation contracts, and Single-Room Occupancy contracts
- *\$289 million for Project-Based Contract Administrators* to effectively administer the PBRA program

With this funding, HUD expects to serve over 1.2 million low-income families, many of whom would face worst case housing or homelessness without such assistance. In addition, communities benefit from projects receiving this funding, as owners must hire and maintain local property management firms, maintenance workers, and other construction/rehabilitation firms to ensure that the project provides the decent, safe and sanitary housing for the residents, as well as professional legal, security, and insurance services. Taken together, PBRA directly supports an estimated 55,000 jobs annually at projects throughout the country. In addition, owners of PBRA housing contract for services with local businesses and service providers that are estimated to produce another 45,000 indirect or induced jobs, totaling employment generation of 100,000 jobs annually. PBRA also serves as both a redevelopment and preservation tool for private multifamily rental housing owners, creating a credit enhancement for the financing of the project, and in turn allowing owners to refinance, redevelop and preserve their assets.