PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
2017 Summary Statement and Initiatives
(Dollars in Thousands)

TENANT-BASED RENTAL ASSISTANCE	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2015 Appropriation	$19,304,160	$278,375[a]	...	$19,582,535[b]	$19,332,723	$18,479,194
2016 Appropriation	19,628,525	286,812[b]	...	19,915,337[c]	19,915,337	19,465,000
2017 Request	20,854,000[d]	...	...	20,854,000[e]	20,854,000	20,832,000
Program Improvements/Offsets	+1,225,475	-286,812	...	+938,663	+938,663	+1,367,000

a/ Includes $19.8 million in recaptured funds, reprogramming of $1.7 million of Disaster Displacement funds, $4 thousand Non-Elderly Disabled funds, in addition to the realignment of $12.6 million between Contract Renewals and Administrative Fees.
b/ Total resources and obligations for fiscal year 2015 include $31 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.
c/ Total resources and obligations for fiscal year 2016 include an estimated $37 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.
d/ Includes an estimated transfer to the Research and Technology (R&T) account of $28 million of Budget Authority.
e/ Total resources and obligations for fiscal year 2017 exclude an estimated $129 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

1. What is this request?

For fiscal year 2017, the Department requests $20.854 billion for the Section 8 Housing Choice Voucher (HCV) program, which is an increase of $1.225 billion from the fiscal year 2016 enacted level. This funding will provide approximately 2.2 million low-income families in 2017 with decent, safe, and sanitary housing while supporting the approximately 700,000 landlords and property owners who participate in the HCV program by providing a fair market rent so that they can meet mortgage payments, local tax obligations, utility expenses, and maintain properties in good physical condition.

The fiscal year 2017 request includes funding for the following activities:

- $18.447 billion for contract renewals, which is an increase of $765.5 million from the fiscal year 2016 enacted level, and is estimated to support all families projected to be assisted in calendar year 2016;

Tenant-Based Rental Assistance

- $2.077 billion in administrative fees, which is an increase of $427 million from the fiscal year 2016 enacted level, and would fully fund administrative fees under a new administrative fee formula that will be based on the findings and recommendations of the HCV Program Administrative Fee Study.
- $110 million for Tenant Protection Vouchers (TPV), which is a decrease of $20 million from the fiscal year 2016 enacted level;
- $110 million in contracts and administrative fees originally funded under the Section 811 Tenant-Based program, which is an increase of $2.9 million from the fiscal year 2016 enacted level;
- $88 million for targeted rental voucher assistance for use by families with children experiencing homelessness;
- $15 million for a Mobility Demonstration; and
- $7 million for Tribal HUD Veteran Affairs Supportive Housing (VASH) Demonstration.

Key outcomes of the Housing Choice Voucher (HCV) program are:

- Ensuring that families currently assisted under the HCV program continue to receive assistance, thereby preventing them from having worst case housing needs or facing homelessness;
- Supporting *Opening Doors:* the Federal Strategic Plan to End Homelessness by reducing the number of chronically homeless individuals, families with children, veterans, and youth; and
- Providing better housing opportunities and greater access to areas of opportunities for very low- and extremely low-income families.
- Maximizing the federal investment and the number of families assisted through HUD's rental housing assistance programs through comprehensive monitoring of utilization;

Proposals in the Budget:

- Revise the Threshold for Deduction of Medical and Related Care Expenses (associated savings estimated at $30 million).
- Improve the Process for Establishing Fair Market Rents.
- Implement the Housing Choice Voucher Mobility Demonstration.
- Simplify the Calculation of the 20 Percent Housing Choice Voucher Cap for Project Based Voucher (PBV) Assistance.
- Implement a New Administrative Fee Formula.
- Extend the maximum term of Family Unification Program (FUP) Vouchers Issued to Youths Aging out of Foster Care from 18 to 60 months.

2. What is this program?

The HCV program is the federal government's largest program for assisting very low-income families, the elderly, and persons with disabilities to afford decent, safe, and sanitary housing in the private market. The HCV program currently provides rental assistance to about 2.2 million families. The program serves the most economically vulnerable families in the country, including families with disabilities, elderly families, formerly homeless veterans, and families with children. Many families assisted by the program formerly experienced worst-case housing needs and, without the benefit of this program, would be at immediate risk of homelessness. Of the families currently receiving HCV assistance, 75 percent are extremely low–income, with incomes at or below 30 percent of the area median income, 27 percent have a disabled head of household, and 22 percent are elderly.

The HCV program is authorized under Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f (o)) and is administered locally by approximately 2,300 PHAs. A family who is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice, including single-family homes, townhouses, and apartments, in which the owner agrees to rent under the program (provided the rental unit passes a Housing Quality Standards (HQS) inspection performed by the PHA). Tenant-based housing assistance is provided on behalf of the family or individual as opposed to a subsidy tied to a particular unit or project, so participating families may subsequently choose to move to another unit, neighborhood, or community without losing their rental assistance.

The PHA pays the housing subsidy directly to the owner of the unit on behalf of the participating family. The family is responsible for paying the difference between the gross rent of the unit and the amount subsidized by the program. The family must pay a minimum of 30 percent of their adjusted monthly income toward rent and utilities. The amount of the subsidy is capped by the payment standard established by the PHA, which may be between 90 and 110 percent of the Fair Market Rent (FMR) for the area. If families rent units with rents above the payment standard, for instance for units located in more desirable areas with greater opportunity, the family pays the difference between the gross rent and the payment standard in addition to the 30 percent of monthly adjusted income.

Funding for the HCV program consists of two main cost components: (1) Housing Assistance Payments (HAP) made to owners to cover the difference between a tenant’s rent contribution and the unit rent, and (2) administrative fees paid to PHAs to cover the cost of administering the program.

Contract Renewals

The Department requests $18.447 billion for calendar year 2017 contract renewals. Contract renewals provide funding to renew expiring HCV program Housing Assistance Payments (HAP) increments on a calendar-year basis. As in previous years, the Department's request includes up to $75 million in set-aside funding within the contract renewals allocation to make adjustments to renewal allocations to protect against potential cost increases that would not be reflected in the renewal formula. This funding will ensure that all families assisted in calendar year 2016 will be covered by renewal funding in calendar year 2017.

Administrative Fees

The Department requests $2.077 billion for administrative fees for calendar year 2017. The amount requested is intended to fully fund administrative fees under a new fee formula that HUD is seeking to implement for calendar year 2017, based on the findings and recommendations of the HCV Administrative Fee Study Final Report that was published on August 21, 2015.

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for approximately 2.2 million families. Administrative responsibilities include managing waiting lists, conducting physical inspections, determining rent reasonableness, approving units, determining and verifying tenant income annually, reviewing applications, evaluating tenant eligibility and calculating the amount of rent subsidy. Failing to provide adequate administrative fees will disrupt PHA operations and will impact efforts to achieve agency priority goals such as maximizing the number of families housed through HUD's affordable housing programs, serving homeless veterans and other vulnerable populations, and expanding housing choices in areas of opportunity, generally those areas with lower concentrations of poverty,lower crime, more job opportunities, and better schools.

Recognizing the critical need to have accurate and reliable information on how much it truly costs to administer the HCV program, HUD initiated and completed, with support and funding from Congress, the HCV Administrative Fee Study. The study's objectives were to measure the actual costs of operating an effective and efficient voucher program, identify the main cost drivers that account for variation in administrative costs among PHAs, and propose a new administrative fee formula based on those findings.

HUD is now engaged in the process of developing a new administrative fee formula based on the study's findings and recommendations, as well as comments received from PHAs, industry groups, and other interested stakeholders in response to a Solicitation of Comments that HUD subsequently issued on the study. HUD's goal is to complete the proposed and final rulemaking in time to allow the new fee formula to be implemented for calendar year 2017.

Tenant-Based Rental Assistance

As part of this Budget Request, HUD is also proposing to amend the TBRA administrative fee account language for 2017 to provide that the fees shall be based on the Section 8(q) as enacted by the Quality Housing and Work Responsibility Act of 1998 (Public Law 105-276). See section 5 of the justification, Proposals in the Budget, for more information.

Section 8 Rental Assistance (Tenant Protection Vouchers)

The Department requests $110 million for Tenant Protection Vouchers (TPVs) in 2017. This funding level takes into consideration the need for the Department to operate within fiscal constraints, while balancing its commitment to make progress on key initiatives. This request is necessary to protect HUD-assisted families from the risk of displacement through no fault of their own when:

- Public and assisted housing may be subject to demolition and disposition;
- Voluntary and mandatory conversions of public housing units, including moving to a Section 8 platform;
- Multifamily unit owners prepay preservation-eligible mortgages or do not renew expiring Section 8 contracts;
- Property owners face foreclosure or HUD takes enforcement actions against owners that fail to maintain their properties in safe and sanitary conditions; and
- HUD and partners replace distressed properties and renew neighborhoods under the Choice Neighborhoods Program.

HUD estimates that the number of tenant-based vouchers needed in fiscal year 2017 is approximately 33,500 vouchers. Since the cost to fully fund approximately 33,500 vouchers needed exceeds $110 million, HUD plans to optimize the $110 million by funding voucher increments only through the balance of 2017 (rather than for a full 12-month period) and to then request the full amount needed for renewal in 2018. Failure to adequately fund the TPV request will place families at high risk of significant rent increases, eviction, and/or homelessness.

Section 811 Mainstream Renewals

In fiscal year 2017, the Department requests $110 million for renewals of vouchers originally appropriated under the Section 811 Mainstream Program. The Housing for Persons with Disabilities (Section 811) program provides tenant-based assistance for persons with disabilities to access affordable, private housing of their choice. The requested funding also includes administrative fees for the renewed vouchers.

Families Experiencing Homelessness

In fiscal year 2017, HUD requests $88 million for rental voucher assistance for approximately 10,000 families with children experiencing homelessness. A higher than average per unit cost (PUC) is assumed for these vouchers due to the average homeless family size (3-person household). These vouchers are to be awarded competitively to PHAs based on geographic areas of demonstrated need. PHAs receiving vouchers for families with children experiencing homelessness would be required to partner with the local Continuum of Care to identify program participants through a coordinated assessment process. Supportive services would be provided through community partners and mainstream service agencies. Complementing this targeted investment, is an $11 billion mandatory spending proposal to end family homelessness, as discussed in the "Homeless Assistance for Families" CJ.

As laid out in Opening Doors, HUD is committed to reach and maintain the goal of ending homelessness for families by 2020. As a pivotal United States Interagency Council on Homelessness (USICH) partner in the effort to prevent and end homelessness, the Department is looking beyond its traditional programs that directly address homelessness, in order to expand on the opportunities within the rental assistance programs. In the 2014 Annual Homeless Assessment Report (AHAR) part 2, HUD reported over 500,000 families living in emergency shelters and transitional housing during the year – this is a 4.4 percent increase from the previous year. Additionally, HUD's Point-in-Time (PIT) count data showed that there were over 64,000 families experiencing homelessness on a given night at the end of January 2015.

HUD's Family Options Study illustrates that families with children receiving a Housing Choice Voucher, compared to alternative forms of homeless assistance, had had fewer incidents of homelessness, child separations, intimate partner violence and school moves, less food insecurity, and generally less economic stress. Additionally, the Family Options Study indicates that child well-being was significantly improved for families with children utilizing a Housing Choice Voucher. Other rigorous research shows that when families with children use a voucher to move to a low-poverty area that their children experience significant earnings and college attainment benefits.[1]

Through our engagement of PHAs and Continuums of Care, HUD has seen an increase in the numbers of homeless families with children served by the Housing Choice Voucher program. In fiscal year 2015, PHAs reported housing 7,359 families experiencing homelessness. The requested vouchers will further strengthen this ongoing effort to support partnerships at the local level between PHAs and the Continuums of Care in order to increase the number of homeless families that receive HCV assistance.

Mobility Demonstration

The Department seeks $15 million and the authority to implement an HCV Mobility Demonstration program. The goals of the program are to facilitate collaboration, encourage HCV program participants to move to lower-poverty areas, and expand such families' access to opportunity areas. Through implementation of the program, the Department intends, as well, to identify impediments to collaboration (in particular, regulatory and administrative barriers), in addition to cost-effective mobility strategies. The funds will be available to deliver mobility services to families, including pre- and post-move counseling as well as to offset the administrative costs of operating a mobility program. Up to $3 million of the $15 million will fund an impact evaluation of these mobility services, with the goal of identifying services that contribute to

[1] Chetty, Raj, Nathaniel Hendren, and Lawrence Katz. Forthcoming. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project," American Economic Review.

family moves to and stays in lower-poverty areas. Additionally, as part of the Department's request, PHAs would be able to use their administrative fees to support demonstration related costs. The Budget includes a General Provision that implements the demonstration.

Tribal Veterans Affairs Supportive Housing (HUD-VASH) Demonstration

In fiscal year 2017, the Department requests $7 million for the renewal of vouchers (and associated administrative costs) originally appropriated under the Tribal HUD-VASH demonstration program in fiscal year 2015-- the rental assistance and supportive housing demonstration program for Native American veterans authorized under the heading "TENANT-BASED RENTAL ASSISTANCE" in title II of division K of the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235, 128 Stat. 2733). This demonstration provides rental assistance for Native American veterans who are homeless or at-risk of homelessness living on or near a reservation or other Indian areas. HUD is further proposing that any funds that remain available after the renewal funds (and the administrative fees associated with those renewals) are awarded may be used to provide additional vouchers to eligible recipients under the Tribal HUD-VASH demonstration.

Key Partners and Stakeholders

HUD works with numerous partners and stakeholders in providing HCV assistance to families. In addition to the millions of families that HUD assists, important partners and stakeholders include:

- PHAs;
- Private owners;
- Other federal agencies such as the Department of Veteran Affairs, HUD's Federal partner in the administration of
- HUD-VASH vouchers, where vouchers and supportive services are provided to assist homeless veterans;
- State and local entities, such as Public Child Welfare Agencies;
- Housing Industry Associations;
- Resident Groups; and
- TDHEs and Tribal governments (Tribal HUD-VASH)

The primary HUD partner in the HCV program is the PHA that directly administers the program locally. HUD enters into an Annual Contributions Contract (ACC) with the PHA, under which the PHA is responsible for the administration of the HCV program in accordance with Federal law and program regulations. In addition, approximately 700,000 private rental property owners are also critical program stakeholders. Owner participation in the HCV program is voluntary. Without owners who are willing to participate in the HCV program, the program would cease to function.

Federal, State, and Local Partners

In addition to PHAs and owners, Special Purpose Voucher programs, which include HUD-VASH, Family Unification Program (FUP), and Non-Elderly Disabled (NED) Category 2 voucher programs, all rely heavily on interagency partnerships for their success.

The Family Unification Program (FUP), for example, depends on interagency partnerships at both the national and local levels. At the national level, HUD works closely with the Department of Health and Human Services (HHS). At the local level, PHAs administer the FUP in partnership with Public Child Welfare Agencies (PCWAs) who are responsible for referring FUP families and youths to the PHA for determination of eligibility for rental assistance.

Finally, the families served by the program are the stakeholders who derive the greatest benefit from a well-administered, adequately funded program. Based on current tenant characteristics, 75 percent of families have extremely low-incomes (defined as household income at or below 30 percent of median income) and 21 percent have incomes between 31 and 50 percent of median income (the demographic table in Section 4 provides additional information about voucher program participants for calendar year 2014). HUD's estimates in *Worst Case Housing Needs 2015: Report to Congress* (which covers 2013) reveal that only 65 affordable units are available nationwide per 100 very low-income renters, and 39 units per 100 extremely low-income renters.

Moving-to-Work (MTW) Demonstration

Moving-to-Work (MTW) is a demonstration program that provides PHAs the opportunity to design and test innovative, locally designed strategies that use federal dollars more efficiently, helps residents find employment and become self-sufficient, and increases housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their federal funds. MTW PHAs are required to use the opportunities presented by MTW to inform HUD about ways to better address local community needs. The Department is in the process of implementing an MTW expansion of 100 public housing agencies over a 7-year period. In doing so, the Secretary will establish a research advisory committee that will advise the Secretary with respect to specific policy proposals and methods of research and evaluation for the demonstration.

3. Why is this program necessary and what will we get for the funds?

Serve the poorest and most vulnerable Americans with severe housing needs

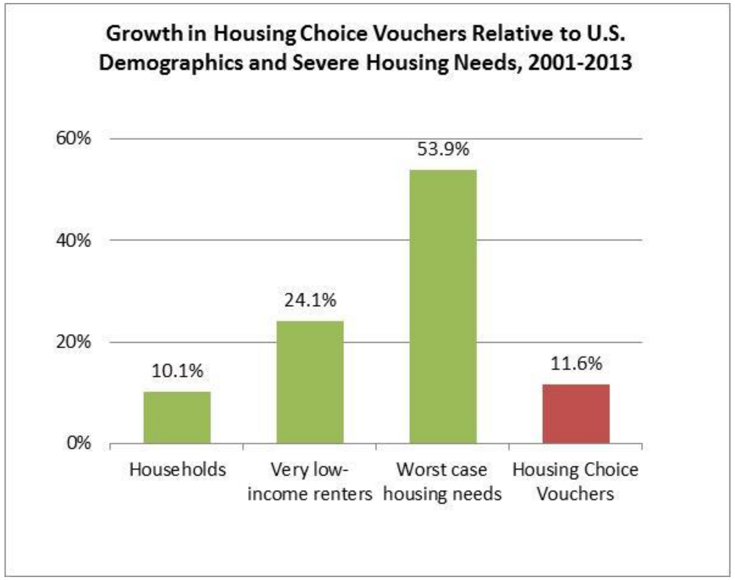
The Housing Choice Voucher (HCV) program serves the most economically vulnerable families in the country, including persons with disabilities, elderly families, formerly homeless veterans, families with children, and at-risk youth. The program targets families and individuals whose incomes are below 30 percent of area median income and are either homeless or at high risk for homelessness. In fact, the HCV program is a key element in reducing veterans, chronic and family homelessness under the President's Federal Strategic Plan to Prevent and End Homelessness.

About 2.2 million very low-income families will be able to live in housing that is decent, safe, and sanitary because of the rental assistance that they receive through the HCV program in fiscal year 2017. This program is critically important because without HCV rental assistance, these families typically would be left with extremely poor options: living on the streets, accepting crowded or substandard housing, or facing severe rent burdens for market-rate units and forgo other life necessities such as food, clothing, and medicine.

Addressing the Shortage of Affordable Rental Housing

The primary challenge that the HCV program seeks to address is the critical shortage of affordable rental housing in the United States. In doing so, the HCV program reduces the number of families and individuals with severe housing needs.
The state of the economy and the increased demand for rental housing generated by the foreclosure crisis has exacerbated the need for rental assistance. HUD's *Worst Case Housing Needs: 2015 Report to Congress* reveals that among very low-income renter households that lacked assistance in 2013, 7.7 million had worst case housing needs resulting from severe rent burden (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units. From 2003-2013, worst case needs have increased by 49 percent as public-sector housing assistance and private-sector housing development have substantially failed to keep up with the growing demand for affordable rental housing. Through the HCV program, HUD enables a large inventory of rental housing in the private market to become affordable housing to very low-income families. Further, 54 percent of worst case needs occur in suburbs or non-metropolitan areas rather than in central cities, indicating that the locational flexibility provided by vouchers is crucial for addressing the national housing crisis.

The following chart illustrates the modest expansion of HCV resources in comparison to increase in number of households, very low-income renters, and families with worst case housing needs in the United States. The HCV program lagged far behind the 24.1 percent increase in very low-income renters, and addressed only a small fraction of the 53.9 percent increase in worst case needs during the same period. National rental policy fell short of adequately addressing the affordable rental housing demand that arose from underlying market needs, the economic recession, and the homeownership crisis.



4. How do we know this program works?

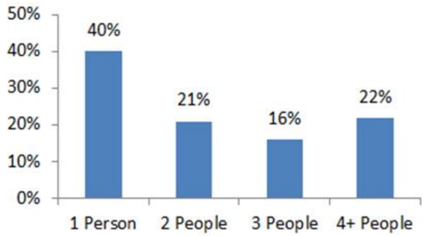
The HCV program is one of three major federal programs providing very low-income families, the elderly, and persons with disabilities with decent, safe, and affordable housing. The program currently provides housing assistance to about 2.2 million families. Approximately 27 percent of these families have a disabled head of household and almost 22 percent have an elderly head of household; and a little over 50 percent are families with children. As the demographic table on the following page illustrates, the HCV program assists the most economically vulnerable families — 75 percent of those assisted have extremely low incomes (less than 30 percent of the area median income). The average annual gross income of an HCV family is $13,568. With the average monthly rent of $1,000, these families would be extremely rent-burdened if they did not receive assistance from the HCV program, assuming they could find owners willing to lease units to them at all with such limited resources. Many of these families would have worst-case housing needs and would be at risk of homelessness without the program. Applying the prevalent rates for worst case needs among unassisted renters (for both the extremely low-income and very low-income, 31-50 percent of median categories) to the characteristics of current voucher holders, means an estimated 1.46 million of about 2.2 million households would likely experience worst case needs if they did not receive housing assistance.

Housing Choice Voucher Tenant Characteristics

How many households and people are served?

This program serves **5.22** million Americans and **2.20** million households.

How big are the households?

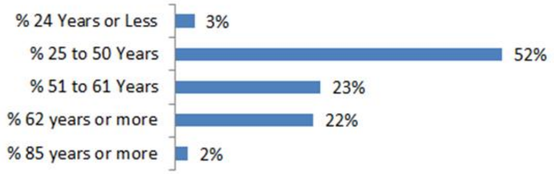


What are the racial characteristics of the tenants?

This program serves a diverse demographic mix. **75%** of residents are in a minority group.

White, non-Hispanic	Black, non-Hispanic	Hispanic	Asian/P.I.	Nat. American
25%	**52%**	**19%**	**3%**	**1%**

How old are the heads of the household?



What are the characteristics of the Heads of Household?

- Female Headed Families with children - **43%**
- Elderly - **22%**
- Non-elderly disabled - **27%**

What is the share of rent paid by the tenant and HUD?

The average household contribution to rent (includes utilities) **per month is 363**

HUD contributes an average of **$640 per month**

What are the Income Levels of Assisted Households

Tenants make an average gross income of **$13,568**

Distribution of HCV Household's Income %	
$0 - $20,000 per year -	**81%**
More than $20,000 per year -	**19%**

The average household income was **20%** of the local area median income.

Household Incomes Compared to their Local Area Median Income*

Extremely Low Income (Less than 30% AMI)	**75%**
Very Low Income (30% to 50% AMI)	**21%**
Low Income (50% to 80% AMI)	**4%**

NOTES: HUD's income limits are adjusted based on actual median incomes for the state and locality (metropolitan area).

*30 percent of AMI is approximately $19,170 per year for a 4-person household, (national estimate - adjusted based on actual state and local incomes) and $13,420 for a single person. Note, that the US national poverty guideline for 2015 was set at $24,250 for a 4-person household (the guidelines are not adjusted locally, but provide a single limit for the 48 contiguous states and DC).

*The 5.22 million persons served figure is derived by applying the family size of households with reported tenant characteristics data to the projected total number of households served (2.20 m.)

Program Improvements

HUD makes a concerted effort to ensure that the program operates efficiently and effectively. To reduce fraud, waste, and abuse in the HCV program, the Department has mandated the use of the Enterprise Income Verification (EIV) system by all PHAs that administer the HCV program. The use of EIV increases the efficiency and accuracy of rent determinations and income determinations while reducing improper payments and underreported income.

The Department has several major ongoing initiatives currently under way to improve the HCV program that will continue in 2017:

HUD Oversight, Monitoring, and Risk Assessment of PHAs

The comprehensive National Risk Assessment Tool developed in 2013 to proactively identify and address risk at PHAs was fully operational in 2014 and continues to be utilized to measure risk at PHAs and prioritize oversight in fiscal year 2017 and beyond.

In addition to the Risk Assessment Tool, PIH continues to implement an Enterprise Risk Management program which identifies risk for all of PIH's programs and activities through annual risk assessments of PIH's offices, monitoring of key risk indicators, and a risk-based tool to further enhance and improve HUD's oversight of Public Housing Agencies. To implement this program, PIH created a Risk Division dedicated to identifying, analyzing and reporting on risk and a Risk Committee made up of senior leadership in PIH which acts on our most strategic and important risks, and maintains PHA risk monitoring through the Office of Field Operations.

HUD Quality Control on PHA inspections and Inspection Standards for HCV

HUD is taking a number of steps to continue to assess and mitigate the risk related to the physical condition of units assisted under the Housing Choice Voucher Program. HUD's Real Estate Assessment Center (REAC) conducted an assessment of 27,000 quality control inspections of HCV units. The results indicated that the current housing quality standards are not being applied consistently across PHAs and those weaknesses in the standards led to inconsistent housing outcomes. HUD continues its transition to an alternative inspection and oversight model based on the Uniform Physical Condition Standards (UPCS). The transition of the HQS to a new UPCS model is a high priority project, which HUD believes will foster alignment among affordable housing programs, improve service delivery, enhance oversight and risk management capabilities, and better identify health and safety hazards in the home.

Next Generation Management System

The Next Generation Management System (NGMS) is a business-driven investment, designed to enhance HUD's affordable housing (AH) program management, improve end user satisfaction, streamline complex business processes, and integrate disparate Information Technology (IT) systems into a common, modernized platform. These goals will help improve the Agency's ability to accurately quantify budgetary data resources, measure program effectiveness, and justify the agency's budget formulations and requests. By aligning current and future AH processes, HUD aims to consolidate business operations and maximize investment returns with business-driven, service-oriented solutions that employ shared and standardized technology. NGMS will provide an integrated, seamless and singular view of financial and program data used to make real-time business decisions, but are currently warehoused in disparate data sources.

Important milestones achieved include the delivery of important portions of the Budget Formulation and Forecasting project, including data validation and partial budget versions and budget formulation. The planned delivery of full budget versions, Mod Rehab, scenarios, Mainstream 5 and budget formulation is planned for the first quarter of calendar year 2016, providing full functionality to HUD for future year budget efforts. Additionally, the Portfolio and Risk Management Tool (PRMT) continues to progress, with initial operating capability delivered in September 2013, and supplemental operating capability delivery planned for the 1st quarter of calendar year 2016. PRMT integrates data from various HUD IT systems into user-friendly "dashboards" that enhance HUD's ability to analyze trends, make better projections, more easily identify issues, and increases HUD's efficiency and effectiveness in utilizing appropriated funds. PRMT also supports HUD's goal of achieving a standard of operational excellence, while supporting the ability to meet HUD's mission of creating strong, sustainable, inclusive communities and quality, affordable homes for all.

In fiscal year 2017, the focus of NGMS is on HUD's completion of New Core and an effort between PIH and OCIO: The NGMS and Enterprise Business Transformation (EBT). NGMS/EBT includes replacement of PIC, and development of the Voucher Financial Management System (VFMS). This project enables the decommissioning of VMS and HUDCAPS.

Small Area FMR Demonstration

The Fair Market Rent (FMR) is the basis for determining the maximum monthly subsidy for an assisted family. Currently, a single FMR is calculated throughout a non-metropolitan county or a metropolitan area, which is generally comprised of several metropolitan counties. The Small Area FMR Demonstration establishes FMRs by zip code areas for participating jurisdictions. HUD expects that calculating FMRs at a smaller geography within metropolitan areas will provide voucher tenants in some areas with greater ability to move into opportunity areas, where jobs, transportation, and educational opportunities exist. It will also reduce subsidies in areas where current FMR is higher than prevailing rents. This demonstration will collect and report overall program cost implications, additional administrative burdens, and tenant data to determine the extent to which tenants are using the expanded set of payment standards to move into opportunity areas. Non-metropolitan counties will continue to have one countywide FMR.

HUD is working on a Proposed Rule that replaces the 50th Percentile FMR regulation (found at 24 CFR 888.113c) with a regulation based on Small Area FMRs. The Small Area FMR based rule will designate certain HUD Metropolitan FMR Areas to use Small Area FMRs in the operation of their tenant based housing choice voucher program. There will be a number of criteria to determine which areas may qualify, including areas where a significant proportion of the rental stock is in small areas with gross rents above the current basic range and where voucher tenants are more likely to live in areas of high poverty, or where the majority of families have incomes below an income threshold than renters in general.

5. Proposals in the Budget

Over the past several years, PHAs have requested that HUD provide relief from various requirements related to the operation of PIH programs as well as greater flexibility in the use of PIH resources. The Department has undertaken a comprehensive review and evaluation of these requests to identify items that merit implementation. Enactment and implementation of proposed measures will generate a cost savings to the Department; reduce the administrative burden on PHAs and provide them with flexibilities that will enhance their capacity to respond to local housing needs; and/or promote program efficiencies at the PHA or HUD level. Several of the measures will also reward agencies that perform well.

<u>The 2017 Request includes the following HCV proposals:</u>

- <u>Housing Choice Voucher Mobility Demonstration.</u> The Department seeks the authority to implement an HCV mobility demonstration program. The goals of the program are to facilitate collaboration, encourage HCV program participants to move to lower-poverty areas, and expand such families' access to opportunity areas. Through implementation of the program, the Department intends, as well, to identify impediments to collaboration (in particular, regulatory and administrative barriers), in addition to cost-effective mobility strategies. To complement this demonstration, the Department requests $15 million in fiscal year 2017. Funds will be available to deliver mobility services to families, including pre- and post-move counseling. Up to $3 million of the $15 million will fund an impact evaluation of these mobility services, with the goal of identifying services that contribute to family moves to lower-poverty areas. Additionally, as part of the Department's request, PHAs would be able to use their administrative fees to support demonstration related costs. (Sec. 270)

- Simplify calculation of Housing Choice Voucher Cap on Project-Based Voucher (PBV) Assistance. HUD is proposing for fiscal year 2017 to simplify the cap calculation for the project-based voucher program, through modification of the 20 percent cap on the amount of HCV budget authority that can be project-based to a unit-based calculation.

  Under the HCV program, a PHA has the option to project-base a portion of its voucher funding rather than using it for tenant-based assistance. A PHA may project-base vouchers in support of new construction and rehabilitation projects, as well as in existing housing. This proposal would change the methodology by which the cap for PBV assistance is determined in the HCV program. Currently, the law provides that not more than 20 percent of the funding available for tenant-based assistance that is administered by a PHA may be project-based. Since the amount of funding available to a PHA (and the amount that the PHA may be paying for PBV assistance) fluctuates, the current cap determination can be complex. The proposal would change the 20 percent PBV cap to a unit based calculation, which is both administratively simpler and more transparent. Under this proposal, the PHA would be able to use up to 20 percent of its authorized vouchers for project-based assistance. (Sec. 252)

- Administrative Fee Formula. As noted above, HUD is working to develop a regulation in order to implement a new fee formula based largely on the Administrative Fee Study's recommendations and comments received in response to the Solicitation of Comment. The Administrative Fee Study used time measurements and cost data collection to measure the actual costs of operating the HCV program across a diverse sample of 60 high performing and efficient PHAs. The cost data collected through the study included all costs incurred by the PHA in operating the HCV program, including all personnel costs (salary and benefits), all non-labor costs (all expenditures for office space, insurance, computers, supplies, etc.), and all overhead costs (overhead functions that directly support the HCV program as well as a portion of general PHA overhead).

  The study took the cost per unit month leased for each of the 60 PHAs in the study and ran a series of regression models to identify the PHA, program, and market characteristics that could explain the substantial variation in per UML costs found across the sample. The study tested more than 50 characteristics that were identified by the study team, HUD, and the study's Expert and Industry Technical Review Group to have a theoretical reason to affect HCV administrative costs. After extensive testing, the study identified seven cost drivers that, in combination with one another, were the most accurate in explaining the variation in administrative costs across the 60 study sites. These cost drivers – including program size, the average wage index for the area in which the PHA is located, the rate of new admissions, the percent of households with earned income, and the percent of assisted households that live a significant distance from the PHA's headquarters -become the cost variables that determine the administrative fee for a PHA under the study's recommended formula. In contrast, the existing fee formula has only one main component, the PHA's Fair Market Rent in 1993 or 1994, and is not based on any direct measurement of the cost of program administration. Agencies in areas with higher FMRs receive a higher fee per voucher compared with agencies in areas with relatively low FMRs, under the assumption that the FMRs correlated with wages and other costs of operations. The results of the study show that the current formula fails in many jurisdictions to allocate funding that is adequate to run a quality HCV program, especially in the case of smaller PHAs. To further illustrate the shortcomings of the existing formula, the study's recommended formula explains approximately 63 percent of the variation in costs across the 60 PHAs, while the existing administrative fee formula only explains approximately only 33 percent of the variation for those same PHAs.

No legislative changes to the authorizing Act (Section 8(q) of the United States Housing Act of 1937) are necessary in order to change the current administrative fee formula, provided the new formula is based on changes in wage data or other administratively measurable data that reflect the cost of administering the program. However, the TBRA administrative fee appropriations account in fiscal year 2015 and prior years contains language whereby fee amounts are not determined based on the section 8(q) under current law. The language in question provides that fees shall be based on section 8(q) and related Appropriation Act provisions as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act of 1998 (QHWRA), Public Law 105-276. This proposal would amend the fiscal year 2017 TBRA administrative fee account language to provide that the administrative fees appropriated under the account shall be based on section 8(q) as enacted by QHWRA. This change clarifies that HUD's authority under section 8(q) to establish the fee based on wage data or other objectively measurable data that reflect the cost of administering the program is not restricted or superseded by the TBRA appropriations account provisions. (account language)

- Extend Family Unification Program (FUP) Vouchers Issued to Youths Aging out of Foster Care. PHAs administer FUP in partnership with Public Child Welfare Agencies. FUP is a program under which HCVs are provided to eligible participants referred to the PHA by the PCWA. There are two types of eligible FUP participants. The first are families for whom the lack of adequate housing is a primary factor in either the imminent placement of the family's child or children in out-of-home care, or the delay in the discharge of the child or children to the family from out-of-home care. The second eligible population for FUP is youths at least 18 years old and not more than 21 years old, who left foster case at age 16 or older and who lack adequate housing. Unlike FUP vouchers for families or the HCV program in general, FUP assistance for youth is time limited by the law. A FUP youth's rental assistance must be terminated once the youth has received 18 months of HCV housing. This proposal would extend the time limit on HCV assistance for FUP youth from the current 18 months to 5 years. HUD believes that this time extension will provide FUP youth with the additional time that is necessary for many of them to become self-sufficient. Furthermore, it reduces the PHA's administrative burden by better aligning the time period of assistance with more common lease terms in many markets. (For example, if a FUP youth currently has to move to a new unit after the first year of assistance, in markets where the initial lease term is typically 1 year it is challenging to find owners willing to rent to the youth when the assistance will terminate in 6 months.) (Sec. 268)

- Improve the Process for Establishing Fair Market Rents. Fair Market Rents (FMRs), which are based on rent survey data, are currently used for rent-setting in both the voucher, project-based Section 8 programs, and other HUD programs. This proposal removes the statutory requirement that FMRs be printed in the in the Federal Register to become official. While HUD would continue to announce proposed FMRs with a Federal Register notice seeking public comment on the proposed FMRs and any proposed methodology changes, the FMRs themselves would be published on a HUD web site rather than printed in the Federal Register. Final FMRs would be announced and made available similarly. A similar version of this language appeared in the Department's fiscal year 2015 and 2016 budget requests. This provision will save printing expenses of $90,000 to $100,000 per annum and reduce administrative burden. (Sec. 227)

- Revise the Threshold for Deduction of Medical and Related Care Expenses (associated savings estimated at $30 million). This provision would generate estimated savings of $30 million in fiscal year 2017. The change would increase the threshold for the deduction of medical and related care expenses from 3 to 10 percent of family income. This provision was included in the Department's fiscal year 2014, 2015 and 2016 budget requests, and is repeated for 2017. The 2017 TBRA renewal funding request reflects the associated first-year savings of implementing this proposal based on analysis of the Congressional Budget Office's (CBO) estimates of cost savings generated by this proposal as included in previous proposed legislation. (Sec. 229)

PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
Summary of Resources by Program
(Dollars in Thousand)

Budget Activity	2015 Budget Authority	2014 Carryover Into 2015	2015 Total Resources	2015 Obligations	2016 Budget Authority	2015 Carryover Into 2016	2016 Total Resources	2017 Request
Contract Renewals	$17,486,000	$78,404	$17,564,404	$17,518,121	$17,681,451	$46,283	$17,727,734	$18,447,000
Administrative Fees ...	1,530,000	93,640	1,623,640	1,508,709	1,650,000	114,931	1,764,931	2,077,000
Section 8 Rental Assistance	130,000	26,552	156,552	94,188	130,000	62,364	192,364	110,000
FSS Coordinators	...	571	571	35	...	536	536	...
Veterans Affairs Supportive Housing (VASH) Program	75,000	16,380	91,380	79,040	60,000	12,340	72,340	7,000
Disaster Displacement Assistance	...	...	...	...	...	...	...	...
Section 811 Mainstream Renewals	83,160	31,814	114,974	103,924	107,074	11,050	118,124	110,000
Non-Elderly Disabled ..	...	...	...	...	...	...	...	...
Rental Assistance Demonstration	...	31,014	31,014	28,706	...	39,308	39,308	...
Homelessness Families .	...	...	...	...	...	...	...	88,000
Mobility Pilot	...	...	...	...	...	...	...	15,000
Research and Technology (transfer)	...	...	...	...	...	...	...	[28,326]
Total	19,304,160	278,375	19,582,535	19,332,723	19,628,525	286,812	19,915,337	20,854,000

PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
Appropriations Language

The fiscal year 2017 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

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, **[**$15,628,525,000**]** *<u>$16,854,000,000,</u>* to remain available until **[**expended**]** *<u>September 30, 2019</u>*, shall be available on October 1, **[**2015**]** *<u>2016</u>* (in addition to the $4,000,000,000 previously appropriated under this heading that shall be available on October 1, **[**2015**]** *<u>2016</u>*), and $4,000,000,000, to remain available until **[**expended**]** *<u>September 30, 2020</u>*, shall be available on October 1, **[**2016**]** *<u>2017</u>*: *Provided*, That the amounts made available under this heading are provided as follows:

(1) **[**$17,681,451,000**]** *<u>$18,447,000,000</u>* shall be available 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) and including renewal of other special purpose incremental vouchers: *Provided*, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year **[**2016**]** *<u>2017</u>* funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the Federal Register, and by making any necessary adjustments for the costs associated with the firsttime renewal of vouchers under this paragraph including tenant protection, **[**HOPE VI,**]** and Choice Neighborhoods vouchers: *Provided further*, That in determining calendar year **[**2016**]** *<u>2017</u>* funding allocations under this heading for public housing agencies, including agencies participating in the Moving To Work (MTW) demonstration, the Secretary may take into account the anticipated impact of changes in **[**targeting and utility allowances**]** *<u>the medical expense threshold</u>*, on public housing agencies' contract renewal needs**[**: *Provided further*, That none of the funds provided under this paragraph may be used to fund a total number of unit months under lease which exceeds a public housing agency's authorized level of units under contract, except for public housing agencies participating in the MTW demonstration, which are instead governed by the terms and conditions of their MTW agreements**]**: *Provided further*, That the Secretary shall, to the extent necessary to stay within the amount specified under this paragraph (except as otherwise modified under this paragraph), prorate each public housing agency's allocation otherwise established pursuant to this paragraph: *Provided further*, That except as provided in the following provisos, the entire amount specified under this paragraph (except as otherwise modified under this paragraph) shall be obligated to the public housing agencies based on the allocation and pro rata method described above, and the Secretary shall notify public housing agencies of their annual budget by the latter of 60 days after enactment of this Act or March 1, **[**2016**]**

2017: *Provided further*, That the Secretary may extend the notification period with **[**the prior written approval of**]** *notification to* the House and Senate Committees on Appropriations: *Provided further*, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements*, and in accordance with the requirements of the MTW program,* and shall be subject to the same pro rata adjustments under the previous provisos: *Provided further*, That the Secretary may offset public housing agencies' calendar year **[**2016**]** *2017* allocations based on the excess amounts of public housing agencies' net restricted assets accounts, including HUD held programmatic reserves (in accordance with VMS data in calendar year **[**2015**]** *2016* that is verifiable and complete), as determined by the Secretary: *Provided further*, That public housing agencies participating in the MTW demonstration shall also be subject to the offset, as determined by the Secretary, **[**excluding amounts subject to the single fund budget authority provisions of their MTW agreements,**]** from the agencies' calendar year **[**2016**]** *2017* MTW funding allocation: *Provided further*, That the Secretary shall use any offset referred to in the previous two provisos throughout the calendar year to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the Secretary, and to avoid or reduce the proration of renewal funding allocations: *Provided further*, That up to $75,000,000 shall be available only: (1) for adjustments in the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of vouchers resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act; (3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; **[**and**]** (4) for public housing agencies that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding*; and (5) for adjustments for voucher costs associated with a housing mobility program*: *Provided further*, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary;

(2) **[**$130,000,000**]** *$110,000,000* shall be for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to section 18 of the Act, 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 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 and Choice Neighborhood vouchers, mandatory and voluntary conversions, and tenant protection assistance including replacement and relocation assistance or for project-based assistance to prevent the displacement of unassisted elderly tenants currently residing in section 202 properties financed between 1959 and 1974 that are refinanced pursuant to Public Law 106–569, as amended, or under the authority as provided under this Act: *Provided*, That when a public housing development is submitted for demolition or disposition under section 18 of the Act, the Secretary may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents: *Provided further*, That the Secretary may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, subject only to the availability of funds: **[***Provided further*, That of the amounts made available under this paragraph, $5,000,000 may be available to provide tenant protection assistance, not otherwise provided under this paragraph, to residents residing in low vacancy areas and who may have to pay rents greater than 30 percent of household income, as the

result of: (A) the maturity of a HUD-insured, HUD-held or section 202 loan that requires the permission of the Secretary prior to loan prepayment; (B) the expiration of a rental assistance contract for which the tenants are not eligible for enhanced voucher or tenant protection assistance under existing law; or (C) the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary: *Provided further*, That such tenant protection assistance made available under the previous proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)):**]** *Provided further*, That any tenant protection voucher made available from amounts under this paragraph shall not be reissued by any public housing agency, except the replacement vouchers as defined by the Secretary by notice, when the initial family that received any such voucher no longer receives such voucher, and the authority for any public housing agency to issue any such voucher shall cease to exist**[**: *Provided further*, That the Secretary, for the purpose under this paragraph, may use unobligated balances, including recaptures and carryovers, remaining from amounts appropriated in prior fiscal years under this heading for voucher assistance for nonelderly disabled families and for disaster assistance made available under Public Law 110–329**]**;

(3) **[**$1,650,000,000**]** *<u>$2,077,000,000</u>* shall be 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 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, including fees associated with section 8 tenant protection rental assistance, the administration of disaster related vouchers, Veterans Affairs Supportive Housing vouchers, and other special purpose incremental vouchers: *Provided*, That no less than **[**$1,640,000,000**]** *<u>$2,067,000,000</u>* of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year **[**2016**]** *<u>2017</u>* funding cycle based on section 8(q) of the Act **[**(and related Appropriation Act provisions) as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105–276)**]**: *Provided further*, That if the amounts made available under this paragraph are insufficient to pay the amounts determined under the previous proviso, the Secretary may decrease the amounts allocated to agencies by a uniform percentage applicable to all agencies receiving funding under this paragraph or may, to the extent necessary to provide full payment of amounts determined under the previous proviso, utilize unobligated balances, including recaptures and carryovers, remaining from funds appropriated to the Department of Housing and Urban Development under this heading from prior fiscal years, excluding special purpose vouchers, notwithstanding the purposes for which such amounts were appropriated: *Provided further*, That **[**all**]** public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements, *<u>and in accordance with the requirements of the MTW program,</u>* and shall be subject to the same uniform percentage decrease as under the previous proviso: *Provided further*, That 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;

(4) **[**$107,074,000**]** *<u>$110,000,000</u>* for the renewal of tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), including necessary administrative expenses: *Provided*, That administrative and other expenses of public housing agencies in administering the special purpose vouchers in this paragraph shall be funded under the same terms and be subject

to the same pro rata reduction as the percent decrease for administrative and other expenses to public housing agencies under paragraph (3) of this heading;

(5) **[**$60,000,000 for incremental rental voucher assistance for use through a supported housing program administered in conjunction with the Department of Veterans Affairs as authorized under section 8(o)(19) of the United States Housing Act of 1937: *Provided*, That the Secretary of Housing and Urban Development shall make such funding available, notwithstanding section 204 (competition provision) of this title, to public housing agencies that partner with eligible VA Medical Centers or other entities as designated by the Secretary of the Department of Veterans Affairs, based on geographical need for such assistance as identified by the Secretary of the Department of Veterans Affairs, public housing agency administrative performance, and other factors as specified by the Secretary of Housing and Urban Development in consultation with the Secretary of the Department of Veterans Affairs: *Provided further*, That the Secretary of Housing and Urban Development may waive, or specify alternative requirements for (in consultation with the Secretary of the Department of Veterans Affairs), any provision of any statute or regulation that the Secretary of Housing and Urban Development administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such voucher assistance: *Provided further*, That assistance made available under this paragraph shall continue to remain available for homeless veterans upon turn-over**]** *$7,000,000 shall be for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas: Provided, That such amount shall be made available for renewal grants to the recipients that received assistance under the rental assistance and supportive housing demonstration program for Native American veterans authorized under the heading "TENANTBASED RENTAL ASSISTANCE" in title II of division K of the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113–235, 128 Stat. 2733): Provided further, That the Secretary shall be authorized to specify criteria for renewal grants, including data on the utilization of assistance reported by grant recipients under the demonstration program: Provided further, That any amounts remaining after such renewal assistance is awarded may be available for new grants to recipients eligible to receive block grants under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. section 4101 et seq.) for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas: Provided further, That funds shall be awarded based on need, administrative capacity, and any other funding criteria established by the Secretary in a Notice published in the Federal Register after coordination with the Secretary of the Department of Veterans Affairs: Provided further, That renewal grants and new grants under this paragraph shall be administered by block grant recipients in accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996: Provided further, That assistance under this paragraph shall be modeled after, with necessary and appropriate adjustments for Native American grant recipients and veterans, the rental assistance and supportive housing program known as HUD-VASH program, including administration in conjunction with the Department of Veterans Affairs and overall implementation of section 8(o)(19) of the United States Housing Act of 1937: Provided further, That the Secretary of*

Housing and Urban Development may waive, or specify alternative requirements for any provision of any statute or regulation that the Secretary of Housing and Urban Development administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor stands, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such assistance: Provided further, That grant recipients shall report to the Secretary on utilization of such rental assistance and other program data, as prescribed by the Secretary; **[**and**]**

(6) $88,000,000 shall be used for incremental rental voucher assistance under section 8(o) of the United States Housing Act of 1937 for use by families with children who are experiencing homelessness, as determined by the Secretary: Provided, That the Secretary shall make such funding available, notwithstanding section 204 (competition provision) of this title to public housing agencies that partner with eligible Continuums of Care or other entities as designated by the Secretary, based on geographical need of such assistance, public housing agency administrative performance, and other factors as specified by the Secretary: Provided further, That the Secretary may waive, or specify alternative requirements for any provision or statute or regulation that the Secretary administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment) upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such voucher assistance: Provided further, That the Secretary shall issue guidance to implement the previous proviso;

(7) $15,000,000 shall be made available for the Housing Choice Voucher Mobility Demonstration authorized under section 270 of this title: Provided, That no more than $3,000,000 may be available for evaluating the demonstration; and

(**[**6**]***8*) the Secretary shall separately track all special purpose vouchers funded under this heading.

(Department of Housing and Urban Development Appropriations Act, 2016.)