DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Tenant-Based Rental Assistance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	25,777,439	942,560	4,980,000	31,699,999	27,100,622	25,391,173
2022 Annualized CR	25,777,439	4,654,374	-	30,431,813	26,879,000	26,643,000
2023 President's Budget	32,130,000	3,600,000	-	35,730,000	32,899,000	31,619,000
Change from 2022	6,352,561	(1,054,374)	-	5,298,187	6,020,000	4,976,000

a/ 2021 Appropriation includes $695 million designated as an emergency pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

b/ 2021 Carryover includes $6.7 million in recaptured prior year unpaid obligations and $63 million transferred from the Public Housing Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

c/ 2021 Supplemental/Rescission includes $4.98 billion in supplemental American Rescue Plan (ARP) mandatory funding.

d/ 2022 Carryover includes $4.5 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes an estimated $52 million transferred from the Public Housing Fund and an estimated $4 million transferred from the Housing for the Elderly account for the purpose of Rental Assistance Demonstration (RAD) conversions.

e/ 2023 Carryover includes $3.5 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes an estimated $46 million transferred from the Public Housing Fund and an estimated $2 million transferred from the Housing for the Elderly account for the purpose of Rental Assistance Demonstration (RAD) conversions.

PROGRAM PURPOSE

The Housing Choice Voucher (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 2,100 public housing agencies (PHAs) that currently serve approximately 2.3 million families. Tenant-Based Rental Assistance (TBRA), commonly known as the HCV program, seeks to provide greater access to housing choice and better housing opportunities for very low- and extremely low-income families; reduce the number of chronically homeless individuals, families, and veterans; and reverse the effects of residential segregation in the pursuit of racial equity.

BUDGET OVERVIEW

The 2023 President's Budget for Tenant-Based Rental Assistance (TBRA) is $32.1 billion, which is $6.4 billion more than the 2022 annualized CR level. The Budget simultaneously supports the Administration's strategic goals to strengthen and broaden Federal housing assistance for people in need and advance housing equity by improving housing choices and access to economic opportunity. The Budget aligns with the Administration's efforts to build a bridge toward economic recovery and stabilized communities.

The HCV program is the Federal Government's largest program targeted to assist very low-income families, the elderly, and persons with disabilities in renting affordable, decent, safe, and sanitary housing in the private market. The program serves the most economically vulnerable individuals and families in the country, including seniors, people with disabilities, domestic violence survivors, people experiencing homelessness, including veterans experiencing homelessness, at-risk youth aging out of foster care, and families with children, by providing Federal voucher assistance payments to help them meet their rental housing needs.

The 2023 Budget includes funding for the following activities:

- $26.2 billion for Contract Renewals (HAP), which is an increase of $3.2 billion from the 2022 annualized CR level;
- $3 billion in Administrative Fees, which is an increase of $855 million from the 2022 annualized CR level;
- $220 million for Tenant Protection Vouchers (TPV), which is an increase of $104 million from the 2022 annualized CR level;
- $667 million for Section 8 Mainstream Renewals, which is an increase of $353 million from the 2022 annualized CR level;
- $445 million for Mobility Demonstration/Services, which would not be included in a 2022 annualized CR; and
- $1.6 billion for Incremental Vouchers, which would not be included in a 2022 annualized CR.

JUSTIFICATION

The HCV program is an essential component of the Federal housing safety net for people in need. The availability of housing choice vouchers represents the opportunity for low- and extremely low-income families to improve their housing options and pursue greater economic opportunities. Support for the HCV program increases access to affordable housing, and the option to project base vouchers helps preserve deeply affordable units available to families in need. The Administration supports a strategy that recognizes the HCV program as an essential resource to prevent homelessness, promote racial equity, and ensure families pay an affordable share of their income for rent.

The HCV program partners with local PHAs and landlords to provide housing to our nation's neediest families. Of the families currently receiving HCV assistance:

- 78 percent are extremely low-income, earning below 30 percent of the area median income;
- 75 percent of program participants identify as part of a minority population; 53 percent of those being Black, non-Hispanic;
- 25 percent of households served have an elderly head of household;
- 25 percent have a non-elderly disabled head of household; and
- 35 percent of families served have a female head of household with children.

Without rental assistance, these families would likely face a great risk of transitory housing instability or even homelessness, or be forced to forgo other life necessities, such as food, clothing, and medicine.

HUD's *Worst Case Housing Needs: 2021 Report to Congress* reveals that among very low-income renter households that lacked assistance, 7.77 million had worst case housing needs resulting from severe rent burdens (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units.[1] Many families assisted by the HCV program formerly experienced worst-case housing needs and, without the benefit of this program, would be at immediate risk of homelessness.

HCV assistance is primarily tenant-based assistance, which means the assistance is not permanently tied to a particular unit or project, but rather to an individual family. The family is responsible for finding a suitable rental unit with an owner who is willing to participate in the

[1] HUD's Worst Case Housing Needs Report, 2021 Report to Congress (https://www.huduser.gov/portal/sites/default/files/pdf/worst-case-housing-needs-2021.pdf)

program. The PHA pays a monthly housing assistance payment directly to the owner on behalf of the family. That payment helps cover the affordability gap between what very low-income families can afford to pay for rent and the actual rent charged. The HCV program relies on private sector partnerships to provide affordable housing opportunities effectively and efficiently in the local community, instead of depending on direct government intervention to build more affordable housing.

HUD works with numerous stakeholders in providing HCV assistance to families. In addition to PHAs and private owners, these include:

- Other Federal agencies, such as the Department of Veterans Affairs,
- State and local entities, such as Public Child Welfare Agencies,
- Housing industry associations,
- Resident groups, and
- TDHEs and Tribal governments.

The HCV program has proven to be effective at meeting the housing needs of our most vulnerable citizens compared to other approaches. Two landmark studies conducted in the past 20 years attest to the effectiveness of housing vouchers in increasing housing stability and reducing homelessness. For example, the 2006 report "Effects of Housing Vouchers on Welfare Families" found that receiving a housing voucher helped families move to neighborhoods with lower poverty rates, higher employment rates, and lower rates of public benefit receipt.[2] Receiving a housing voucher also substantially decreased the likelihood that a household would experience homelessness due to economic hardship. The 2016 report "Family Options Study: Short-term Impacts of Housing Services Interventions for Homeless Families" by HUD's Office of Policy Development and Research presented evidence regarding the effects of giving families in emergency shelters priority access to housing choice vouchers, rapid re-housing, or project-based transitional housing.[3] The study determined that the HCV program was the most effective intervention of the approaches tested. HCV intervention reduced most forms of residential instability by more than one half, reduced food insecurity, and improved multiple measures of adult and child well-being. In 2022, HUD's Family Options Study will re-survey study families to evaluate which of the impacts detected at three years after random assignment persist.

The 2023 Budget includes several assumptions. It assumes that PHAs will fully utilize their 2022 funding renewal allocations, as they consistently did prior to the COVID pandemic. HUD also applied the 2022 and 2023 inflation factors and adjusted the renewal need estimate for first time renewals for new vouchers, such as TPVs and Special Purpose Vouchers (SPVs) awarded in 2021 and 2022. Consistent with HUD's 2022-2026 Strategic Plan objective to improve rental assistance, the Budget assumes an increase in leasing of 32,000 new households in 2022 through the provision of comprehensive technical assistance designed to encourage PHA expenditure of available program reserves. HUD also expects additional leasing in calendar year 2022 to materialize from the 2022 HAP set aside category that makes funds available to PHAs with lower-than-average leasing levels for the purpose of increasing their leasing.

Based on the assumptions provided, the amounts in this budget will fund TBRA and Mainstream Housing Assistance Payments (HAP) to PHAs at 100 percent proration in 2023, which will maintain

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[2] Effects of Housing Vouchers on Welfare Families (https://www.huduser.gov/portal/publications/commdevl/hsgvouchers.html)
[3] Family Options Study: Short-term Impacts of Housing Services Interventions for Homeless Families (https://www.huduser.gov/portal/portal/sites/default/files/pdf/FamilyOptionsStudy_final.pdf)

current services for approximately 2.3 million participants and expand housing assistance to additional families, which is in alignment with HUD's 2022-23 priority goal to increase the utilization of housing choice vouchers, including vouchers for special populations. The Administrative Fee proration will be at 100 percent, which is critical for PHAs to continue sound operations and program compliance. This will strengthen PHAs' capacity to recruit and retain experienced personnel responsible for fundamental program activities such as admitting households, conducting housing quality inspections, and completing tenant income certifications, as well as to pay salaries and overhead costs incurred in managing the program.

HUD continues to take steps to improve the operations of the voucher program, enhance systems, and streamline requirements to reduce burden on PHAs. The continued implementation of the Economic Growth Act of 2018 and the Housing Opportunities Through Modernization Act of 2016 will provide PHAs with new flexibilities that will enable them to reduce administrative burden and redirect those resources to improving performance and services. Through the development and eventual deployment of Public Housing Information Center – New Generation (PIC-NG) and National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection standards, HUD will modernize key systems and improve operation of the voucher program. Through the implementation of the recommendations of the Landlord Task Force, HUD plans to enhance its working relationship with private landlords, a key program stakeholder. HUD is also creating the Enterprise Voucher Management System (eVMS), which will automate the workflow process for fund allocation management, calculate the HAP funding requirement for each PHA, and improve data stewardship. Improving these key business processes to create efficiencies will enable staff to focus on HCV policy and finance issues and the expanding portfolio, which includes over 200,000 of Project-Based Voucher units and 200,000 Special Purpose Vouchers units.

The 2023 Budget supports the Administration's priority of increasing access to affordable housing and providing greater opportunities for economic independence to America's neediest families through the provision of vouchers. This includes increasing the voucher utilization rate by addressing the barriers families face when trying to find rental housing, such as source of income discrimination, landlord participation, and rising rent costs. The 2023 Budget funding level will advance housing equity and broaden the Federal housing safety net for people in need.

The 2023 requested funding levels and description for the major components of the HCV program to achieve the above priorities are described below.

Contract Renewals - $26.2 billion

The 2023 President's Budget provides funding to renew expiring HCV program HAP contracts on a calendar year basis. The requested funding level of $26.2 billion for contract renewals in the TBRA account will cover the costs incurred from expected leasing increases in 2022. Of this amount, more than $750 million will be used to renew more than 80,000 HUD-VASH vouchers for veterans, and up to $5 million will be necessary to maintain current services for 360 Tribal HUD-VASH participants. <u>Since 2008, HUD has awarded $885 million in incremental funding to create more than 111,000 new HUD-VASH vouchers to reduce veterans' homelessness and billions of dollars to renew these vouchers over the same period</u>. Contract renewals also include funding to renew TPVs and $292 million to renew more than 21,000 FUP special purpose vouchers (SPVs) issued to families in prior years, which PHAs must reissue only to qualifying participants upon turnover, either from their waiting lists or referrals. In addition, the 2023 Budget includes new authority for HUD to offset PHAs' contract renewal allocations and allocate the resulting budget authority to other PHAs with the capacity to serve additional families.

Rental Assistance Demonstration Conversion Subsidy - $50 million

HUD requests $50 million in the TBRA account, from within the $26.2 billion for Contract Renewals, to support the cost-effective conversion of public housing properties that are unable to convert to Section 8 using only the funds provided through existing appropriations. This request would permit PHAs who want to participate in the Rental Assistance Demonstration (RAD) to convert approximately 30,000 units and, in the process, holistically address critical property needs, environmental hazards, energy inefficiencies, and increase housing choice for residents. Combined with the $50 million requested in the PBRA account, this request would permit PHAs to generate an estimated $1.8 billion in financing to re-invest in impacted communities or to bring deep rental assistance into neighborhoods of opportunity.

The RAD conversion to PBRA and PBV is a powerful tool to secure the Federal safety net that has preserved over 195,000 affordable homes thus far (157,400 in public housing and 37,600 in other HUD rental programs). In addition, through RAD, PHAs and private owners have moved assisted housing to lower-poverty neighborhoods, allowed residents to use tenant-based assistance if they want to find new housing, and produced more energy efficient and climate resilient housing free of environmental hazards. The outcomes associated within the converted public housing units are particularly noteworthy:

- The PHAs' development teams have generated over $14 billion, or over $60,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured $14.83 for every $1 of appropriated public housing funds contributed to project budgets.
- Over 21,000 of the most distressed public housing apartments have been demolished and replaced with newly constructed homes, all meeting international standards for energy efficiency.
- Over 9,000 homes have been moved away from detrimental environmental conditions, floodplains, and opportunity deserts and into neighborhoods with greater access to jobs, schools, and transportation.
- All properties have undergone an environmental review as a condition of conversion, including evaluating, and where necessary mitigating, the presence of radon, lead, asbestos, carbon monoxide, and mold.
- All properties have been evaluated for their energy and water efficiency and have implemented cost-effective improvements to decrease their carbon footprint and operating rental assistance properties carry financing issued by FHA.
- Over 250,000 jobs have been created, directly or indirectly, through RAD construction activities, including many jobs for low-income persons through HUD's Section 3 requirements.

There remain many public housing properties that are unable to leverage the public and private capital needed for property improvements with subsidy levels based only on available appropriated funds. The public housing capital backlog, together with additional modernization needs, require a cost-effective, leveraged strategy to achieve a comprehensive modernization and these requests advance those efforts. The funding request supports the cost-effective conversion of public housing properties that are unable to convert using only the funds provided through existing appropriations. Several of the general provisions requested (shown in the "Project-Based Rental Assistance" justification) protect residents' access to services, provide an affordable housing preservation strategy for additional portfolios of at-risk properties, provide technical capacity to support small owners, and assure permanent affordability of converted properties blending RAD and Section 18 strategies.

In addition, the Budget proposes ensuring continued availability of services for residents following a RAD conversion to PBRA or PBV. This will guarantee that resident services funding awarded to public housing properties prior to conversion may continue to operate fully and, as appropriate, be eligible for renewal at the completion of the grant term. Additionally, this will also permit the full implementation of the Jobs Plus Initiative program design following conversion of properties benefiting from Jobs Plus program grants.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget requests $1.065 billion to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income and disadvantaged communities, the very communities and households served by HUD programs. HUD's Budget addresses climate change on two fronts: both in tracking and lowering the carbon footprint and energy consumption of the 4.5 million units of public and assisted housing, and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters. These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the "Climate Initiative" justification for more details.

Administrative Fees - $3 billion

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for all assisted families. HUD requests $3 billion in administrative fees for the HCV program, which would provide PHAs with 100 percent of the funds for which they are eligible, compared to the roughly 80 percent that they have received in recent years. HUD believes higher fees are necessary to support additional leasing and to advance the administration's strategic goal of increasing access to affordable housing. These fees allow PHAs to perform fundamental program responsibilities, such as admitting households, conducting housing quality inspections, completing tenant income certifications, and paying salaries and over-costs incurred in managing the HCV program.

Tenant Protection Vouchers - $220 million

Tenant Protection Vouchers are provided to families impacted by housing conversion actions beyond their control, such as public housing demolition, disposition, or conversions, including RAD conversions. They are also made available when private owners of multifamily developments choose to leave the project-based rental assistance program or pre-pay their multifamily mortgages, including USDA section 514 and 515 mortgages (see more information about this new proposal in the Legislative Proposal section below), and to replace Moderate Rehabilitation contracts. Tenant Protection Vouchers are a critical component to revitalizing public housing units. The estimated number of TPV actions in 2023 is approximately 46,360 units. The requested funding level of $220 million combined with 2022 carryover funds is sufficient to meet the estimated need.

Section 811 Mainstream Renewals - $667 million

Mainstream Renewals are contracts and administrative fees originally funded under the Section 811 Tenant-Based 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 $667 million will support over 64,000 Mainstream voucher holders. The requested funding also includes administrative fees for the renewed vouchers. This amount does not include funding for new incremental vouchers in calendar year 2023. The requested funding is in alignment with the Administration's strategic goal of developing policy that aggressively enforces the civil rights of people with disabilities, while expanding their access to accessible, integrated, and affordable housing.

Mobility-Related Services - $445 million

Mobility-Related Services expand families' housing choices and improve their access to communities with high-performing schools, better jobs, and higher-quality housing options. Children and parents reap substantial benefits from living in resource-rich communities — for instance, the rigorous Moving to Opportunity Demonstration found that such children are more likely to attend college. Yet discrimination and other barriers have long hindered low-income families, particularly Black and other families of color, from moving to such areas. The Budget requests $445 million to enable PHAs to provide approximately 148,000 families with children with evidence-based Mobility-Related Services, including robust housing search and security deposit assistance, help connecting with schools, health services, and childcare, as well as to offer modest incentive payments to encourage landlords to rent units to families with vouchers.

Incremental Vouchers - $1.6 billion

The Budget requests $1.6 billion for approximately 200,000 new "incremental" vouchers to expand affordable housing and provide greater access to areas of opportunity. The new incremental vouchers could target individuals and families that are experiencing or at-risk of homelessness and individuals and families fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, or stalking.

The Continuums of Care (CoCs) report through the Point-in-Time (PIT) count of sheltered and unsheltered homeless persons found that the number of people experiencing homelessness nationwide increased by two percent between 2019 and 2020, marking the fourth consecutive year that total homelessness has increased in the United States. The total number of people experiencing homelessness on a single night in January 2020 is 580,466 and is largely driven by the increase in the unsheltered homeless population. The 2020 Continuum of Care Homeless Assistance Programs Homeless Populations Report also identified 26,464 survivors of domestic violence in emergency shelter, 6,231 in transitional housing, and an additional 15,837 unsheltered.[4] The last year in which a full count was completed was 2020, due to the COVID-19 pandemic. The requested funding is in alignment with the Administration's proposed goal to expand the safety net for homeless persons and survivors of domestic violence, including access to affordable housing.

The demographics of the families participating in the HCV program demonstrate how essential this program is to serve those most in need. The HCV program currently serves approximately 2.3 million families; seventy-six percent of program participants are people of color. The average household size is 2.3 persons with an average household income of approximately $15,466. Extremely low-income families (families earning less than thirty percent of an area's median income) make up approximately seventy-eight percent of households served. More than half of households are headed by seniors and people with disabilities, and forty percent include children. Twenty-nine percent of households earn wages as their primary source of income, and the average household monthly contribution towards rent (Total Tenant Payment) is $397. The chart below provides additional insight into the demographics of the households that are currently supported by the program.

[4] HUD 2020 Continuum of Care Homeless Assistance Program Homeless Populations and Subpopulations Report (https://files.hudexchange.info/reports/published/CoC_PopSub_NatlTerrDC_2020.pdf)

Information Technology – Enterprise Voucher Management System

HUD continues to make progress towards modernizing its Information Technology (IT) systems to improve the administration of TBRA programs. In coordination with the Office of the Chief Information Officer and as part of the approved 2021 PIH IT Performance Plan, PIH is developing a new system, the Enterprise Voucher Management System (EVMS). EVMS will automate the calculation of funding and disbursements for most TBRA programs and associated Administrative Fees using household level data, which will enable HUD to tie voucher payments directly to household-level need calculations. EVMS will also enable HUD to auto-reconcile housing assistance payment needs in near real time (within 2-3 days) for each PHA based on household-level changes (e.g., rent changes, move-ins, move-outs, portability) consistent with cash management requirements to calculate funding based on established need. Additionally, EVMS will provide substantial insight into voucher utilization, which will enhance HUD's ability to promote leasing.

Q4 2021 Housing Choice Voucher Tenant Characteristics

How many households and people are served?

5.2 million people

2.3 million households

What are the racial characteristics of the tenants?

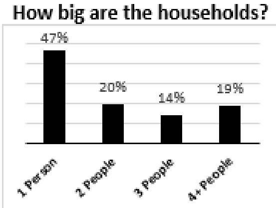
This program serves a demographically diverse population. **75%** of residents are in a minority group.

Asian/ P.I.	*Black, non-Hispanic*	*Hispanic*	*Native American*	*White*	*Unknown*
3%	53%	19%	1%	24%	1%

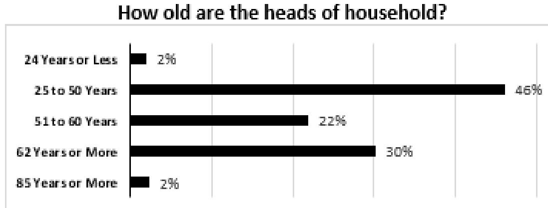
What are the characteristics of the heads of household?

Female headed families with children	35%
Elderly	25%
Non-elderly disabled	25%

How big are the households?



How old are the heads of household?



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

Average household contribution **$397**

Average HUD contribution **$819**

What are the income levels of assisted households?

Tenants make an average gross income of **$15,466.**
76% of households earn $20,000 or less per year

How do household incomes compare to the local area median income?

Extremely low income (less than 30% AMI)	78%
Very low income (30% to 50% AMI)	17%
Low Income (50% to 80% AMI)	4%

Some percentage totals not equal to 100 due to rounding.
Source: HUD PIC and TRACS databases, December 2021 extract.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Contract Renewals	22,385,000	122,128	22,507,128	22,239,323	23,080,000	262,804	23,342,804	26,234,000
Contract Renewals (CARES Act)	-	157,337	157,337	157,337	-	-	-	-
Administrative Fees	2,159,000	140,917	2,299,917	2,103,375	2,159,000	196,542	2,355,542	3,014,000
Administrative Fees (CARES Act)	-	-	-	-	-	-	-	-
Contract Renewals-Emergency	695,000	-	695,000	695,000	-	-	-	-
Section 8 Rental Assistance	116,000	67,865	183,865	143,315	116,000	40,550	156,550	220,000
Veterans Affairs Supportive Housing (HUD-VASH) Program	40,000	55,236	95,236	46,825	40,000	48,412	88,412	-
Tribal HUD-VASH	-	6,986	6,986	4,292	-	7,693	7,693	-
Section 811 Mainstream Renewals	314,000	247,218	561,218	427,869	314,000	133,349	447,349	667,000
Rental Assistance Demonstration	-	74,231	74,231	60,458	-	68,772	68,772	-
Family Unification Program (FUP)	25,000	20,616	45,616	18,105	25,000	27,511	52,511	-
Mobility Demonstration	-	50,000	50,000	45,730	-	4,269	4,269	-
Mobility Services	-	-	-	-	-	-	-	445,000
Homelessness and Domestic Violence Vouchers	43,439	-	43,439	-	43,439	43,439	86,878	
Incremental Vouchers	-	-	-	-	-	-	-	1,550,000
FSS Coordinator	-	26	26	-	-	26	26	-
Emergency Housing Vouchers (ARP Act)	4,177,000	-	4,177,000	786,451	-	3,390,549	3,390,549	-
Administrative Fees (ARP Act)	603,000	-	603,000	356,911	-	246,089	246,089	-
Allocation Adjustments for CY 2022 (ARP Act)	200,000	-	200,000	15,631	-	184,369	184,369	-
Total	**30,757,439**	**942,560**	**31,699,999**	**27,100,622**	**25,777,439**	**4,654,374**	**30,431,813**	**32,130,000**

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2023 President's Budget includes the following:

Tenant-Based Rental Assistance accommodates Jobs Plus rent incentive: The costs associated with any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative shall be renewed.

Provide capacity support for small properties and owners converting through RAD: Owners of small properties, including those assisted under Section 202 PRAC and Section 8 Mod Rehab, sometimes struggle with the cost and complexity of certain underwriting requirements that HUD has established to ensure that the property will be physically sound and free of environmental hazards. This proposal would authorize the use of Participating Administrative Entities (PAEs), originally used in the Mark-to-Market program, to conduct the property level due diligence, including Capital Needs Assessments and environmental reports, that are required of all RAD conversions. They would provide significant relief for owners of small properties, where the cost of such due diligence is often prohibitive to taking the necessary steps to improve the property for residents. These small properties are often in underserved communities and this authority will assist in long-term preservation and affordable housing opportunities.

Funding Reallocation to Improve Leasing: HUD requests authority to offset the renewal funding allocations for PHAs with excess reserves and reallocate the resulting budget authority to PHAs that have capacity to lease up additional vouchers. HUD also requests authority to reallocate authorized units (UMAs) from PHAs that have a demonstrated history of under-leasing to high-capacity PHAs leasing at or close to authorized levels. In reallocating funds and units, neighboring PHAs with additional capacity would receive priority to receive additional funds/units, and HUD would also give preference to PHAs with previous renewal funding offset due to excessive reserves, that have demonstrated increased capacity through improved voucher utilization following the offset.

Family Unification Program (FUP), Foster Youth Initiative (FYI), and Mainstream Administrative Flexibilities: HUD requests language that would provide statutory flexibilities for FUP, FYI, and Mainstream programs such as separate waiting lists, time necessary for lease up, reduced screening criteria, and direct referrals from supportive service agencies. HUD further requests language that would provide statutory flexibilities for PHAs to allow FUP, FYI, and Mainstream programs the flexibility to adopt a 90- to 120-day referral timeline. It is difficult for youths and disabled families and individuals to find units that are available for lease within the current 90-day timeframe, which increases the risk that such persons would experience homelessness. Thus, this extended referral timeline would allow more people more time to enter these programs.

Tenant Protection Voucher Assistance: The 2023 President's Budget for the U.S. Department of Agriculture (USDA) requests language that would decouple USDA section 521 rental assistance from existing USDA section 514 or 515 multifamily loans on assisted properties, allowing some properties to continue to receive section 521 project-based assistance after their loan is paid off. However, not all properties may qualify for such assistance, so the Budget assumes HUD, rather than USDA's Rural Development Voucher (RDV) program, will issue vouchers for units that USDA is unable to preserve. Therefore, HUD requests authority to use up to $20 million to provide replacement Tenant Protection Vouchers (TPV) to low-income tenants referred by the Secretary of USDA when Section 521 assistance is no longer available to protect the tenants due to maturity, prepayment, or foreclosure of a loan made under Section 514 or 515 covering the USDA development. This request will cover approximately 1,800 units currently supported by USDA. Families currently assisted by USDA through the RDV program would not be eligible for these TPVs.

General Provisions

Mod Rehab Properties to Project Based Voucher (PBV) Conversion: HUD requests a general provision that would apply a limited timeframe to an owner's statutory right to renew their Mod Rehab contract under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) to encourage the owner to convert to PBV or PBRA assistance under existing Rental Assistance Demonstration (RAD) authority. Encouraging owners to convert to PBV or PBRA assistance under existing RAD authority will help HUD phase out the Mod Rehab program, which was repealed by the Cranston-Gonzalez National Affordable Housing Act in 1991 (2023 President's Budget, Sec. 236).

Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes to the HCV program through the authorization process:

<u>Repair Timeframe Flexibility for Housing Choice Voucher (HCV):</u> HUD requests language that would provide HUD the authority to adjust timelines for non-life-threatening repairs under the HCV program and align inspection requirements across HUD programs, as is intended by the National Standards for the Physical Condition of Real Estate (NSPIRE).

<u>Pre-Qualifying Unit Inspections:</u> HUD requests language to allow PHAs with high HCV utilization rates to conduct pre-qualifying inspections or "pre-inspections" for units not actively linked to a specific HCV family.

<u>Triennial Recertification to Promote Family Wealth Building:</u> HUD requests language that would provide the Department with the discretion to allow PHAs to implement triennial recertification of income, such as is currently available to PHAs for fixed-income families, instead of annual or biennial. Triennial recertifications of income would promote family wealth building.

APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes proposed changes in appropriation language listed below.

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.) (in this title "the Act"), not otherwise provided for $28,130,000,000, to remain available until expended, which shall be available on October 1, 2022 (in addition to the $4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2022), and $4,000,000,000, to remain available until expended, which shall be available on October 1, 2023: Provided, That the amounts made available under this heading are provided as follows:

(1) $26,234,000,000 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 2023 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 first-time renewal of vouchers under this paragraph including tenant protection and Choice Neighborhoods vouchers: Provided further, That costs associated with any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative as described under the heading "Self-Sufficiency Programs" shall be renewed: 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: Provided further, That the Secretary may extend the notification period with the prior written notification to the House and Senate Committees on Appropriations: Provided further, That public housing agencies participating in the MTW demonstration shall be funded in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, 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 2023 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 2022 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, from the agencies' calendar year 2023 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, to avoid or reduce the proration of renewal funding allocations, and to enable public housing agencies operating their existing housing choice voucher programs with high utilization rates and a demonstrated capacity to serve additional families, as determined by the Secretary, to assist more families: Provided further, That the Secretary may also reallocate authorized units from public housing agencies with a history of significant under-leasing and utilization to public housing agencies that meet the requirements of the previous proviso to receive funds to assist more families and that have under lease all, or nearly all, of their authorized units: Provided further, That such reallocations shall be made in accordance with terms and conditions established by the Secretary by notice: Provided further, That the Secretary may utilize unobligated balances, including recaptures and carryover, remaining from prior year appropriations (excluding special purpose vouchers), notwithstanding the purposes for which such amounts were appropriated, to avoid or reduce the proration of renewal funding allocations: Provided further, That up to $100,000,000 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, or an adjustment for a funding obligation not yet expended in the previous calendar year for a MTW eligible activity to develop affordable housing for an agency added to the MTW demonstration under the expansion authority provided in section 239 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (division L of Public Law 114–113); (3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; (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; (5) for adjustments for withheld payments for months in the previous calendar year that were subsequently paid by the public housing agency after the agency's actual costs were validated; and (6) for public housing agencies that have experienced increased costs or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.): Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary: Provided further, That of the total amount provided under this paragraph, up to $50,000,000 shall be available to supplement funds transferred from the heading "Public Housing Fund" to fund contracts for properties converting from assistance under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) under the heading "Rental Assistance Demonstration" in title II of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2012 (division C of Public Law 112–55) to *further long-term financial stability and promote the energy or water efficiency, climate resilience, or preservation of such properties; Provided further, That the amounts under the previous proviso may also be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) to provide direct support, including carrying out due diligence and underwriting functions for owners and for technical assistance activities, on conditions established by the Secretary for small properties and owners entering into any conversion contract under the First Component;*

(2) $220,000,000 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 (including victims of violent crimes) 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, 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 up to $20,000,000 of the amounts made available under this paragraph may be to provide replacement tenant protection assistance to low-income tenants assisted under section 521 of title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), upon the determination and referral by the Secretary of the Department of Agriculture that section 521 assistance is no longer available to protect such tenants due to maturity, prepayment, or foreclosure of loans under section 514 or section 515 of such Act (42 U.S.C. 1484 and 1485): Provided further, 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 provide section 8 rental assistance from amounts made available under this paragraph for units assisted under a project-based subsidy contract funded under the "Project-Based Rental Assistance" heading under this title where the owner has received a Notice of Default and the units pose an imminent health and safety risk to residents: Provided further, That to the extent that the Secretary determines that such units are not feasible for continued rental assistance payments or transfer of the subsidy contract associated with such units to another project or projects and owner or owners, any remaining amounts associated with such units under such contract shall be recaptured and such recaptured amounts, in an amount equal to the cost of rental assistance provided pursuant to the previous proviso, up to the total amounts recaptured, shall be transferred to and merged with amounts under this paragraph: Provided further, That of the amounts made available under this paragraph, no less than $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 Act: 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 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;

(3) $3,014,000,000 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, HUD-VASH vouchers, and other special purpose incremental vouchers: Provided, That no less than $3,004,000,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2023 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 carryover, 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 in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, 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) $667,000,000 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 up to $10,000,000 shall be available only (1) for adjustments in the allocation for public housing agencies, after applications for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in Mainstream renewal costs resulting from unforeseen circumstances, and (2) for public housing agencies that despite taking reasonable cost saving measures, as determined by the Secretary, would otherwise be required to terminate the rental assistance for Mainstream families as a result of insufficient funding: Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary: Provided further, That upon turnover, section 811 special purpose vouchers funded under this heading in this or prior Acts, or under any other heading in prior Acts, shall be provided to non-elderly persons with disabilities;

(5) Of the amounts provided under paragraph (1) up to $5,000,000 shall be for rental assistance and associated administrative fees for Tribal HUD-VASH 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 recipients that received assistance under prior Acts under the Tribal HUD-VASH program: 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: Provided further, That such assistance shall be administered in

accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996 and modeled after the HUD-VASH program: Provided further, That the Secretary shall be authorized to waive, or specify alternative requirements for any provision of any 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 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: Provided further, That the Secretary may reallocate, as determined by the Secretary, amounts returned or recaptured from awards under the Tribal HUD-VASH program under prior Acts to existing recipients under the Tribal HUD-VASH program;

(6) $1,550,000,000 shall be made available for new incremental voucher assistance under section 8(o) of the Act, to be allocated pursuant to a method, as determined by the Secretary, which may include a formula that may include such factors as severe cost burden, overcrowding, substandard housing for very low-income renters, homelessness, and administrative capacity, where such allocation method shall include both rural and urban areas: Provided, That the Secretary may specify additional terms and conditions to ensure that public housing agencies provide vouchers for use by survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking, or individuals and families who are homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)), or at risk of homelessness, as defined in section 401(1) of such Act (42 U.S.C. 11360(1));

(7) $445,000,000 shall be for mobility-related services, as defined by the Secretary, for voucher families with children modeled after services provided in connection with the mobility demonstration authorized under section 235 of division G of the Consolidated Appropriations Act, 2019 (42 U.S.C. 1437f note; Public Law 116–6): Provided, That the Secretary shall make funding available to public housing agencies on a competitive basis and shall give preference to public housing agencies with higher concentrations of voucher families with children residing in high-poverty neighborhoods: Provided further, That the Secretary may recapture from the public housing agencies unused balances based on utilization of such awards and reallocate such amounts to any other public housing agency or agencies based on need for such mobility-related services as identified under such competition; and

(8) the Secretary shall separately track all special purpose vouchers funded under this heading: Provided, That the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the use of funds made available for new incremental voucher assistance or renewals for the Mainstream program, the HUD-VASH program (in consultation with the Secretary of the Department of Veterans Affairs), and the family unification program (including the Foster Youth to Independence program) in this and prior Acts (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 voucher assistance in such respective programs.

Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.