

HOUSING
RENT SUPPLEMENT PROGRAM
2008 Summary Statement and Initiatives
(Dollars in Thousands)

RENT SUPPLEMENT PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2006 Appropriation	\$7,600 ^a	\$66,915 ^b	-\$76 ^c	\$74,439	\$3,127	\$49,842
2007 Full-Year CR Estimate.....	6,930 ^d	71,312 ^e	...	78,242	6,930	49,542
2008 Request	<u>8,300^d</u>	<u>71,312</u>	<u>-8,300^f</u>	<u>71,312</u>	<u>8,300</u>	<u>49,542</u>
Program Improvements/Offsets	+1,370	...	-8,300	-6,930	+1,370	...

- a/ Included in total of \$26.4 million appropriated for contract amendments, pursuant to the fiscal year 2006 Appropriations Act (P.L. 109-115); balance of \$18.8 million in separate Rental Housing Assistance program.
- b/ Includes \$31 million in carryover from fiscal year 2005 and \$35.9 million recaptured in fiscal year 2006.
- c/ Reflects a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).
- d/ Part of the total of \$24.8 million and \$27.6 million in fiscal years 2007 and 2008 appropriation requests, respectively. Balance of appropriation is in Rental Housing Assistance program.
- e/ Includes \$35.9 million in recaptures realized in fiscal year 2006.
- f/ Reflects part of the proposed rescission of \$27.6 million recaptured from projects whose rental assistance has been terminated, the balance of the rescinded amount (\$19.3 million) would be derived from the Rental Housing Assistance Payments (RAP) of Section 236.

Summary Statement

In fiscal year 2008, \$8.3 million is requested for amendment of the Rent Supplement contracts, an increase of \$1.4 million more than the fiscal year 2007 funding level under continuing resolutions. It will be fully offset by the rescission of budget authority recaptured from projects whose rental assistance has been terminated.

Section 101 of the Housing and Urban Development Act of 1965, as amended, authorized rent supplements on behalf of needy tenants living in privately owned housing. This program also was used to provide additional "piggyback" rental assistance to a portion of the units in Section 236 projects, including State Agency developed non-HUD-insured projects. Eligible tenants pay 30 percent of the rent or 30 percent of their income toward the rent, whichever is greater. The difference between the tenant payment and the economic rent approved by the Department is made up by a Rent Supplement payment provided directly to the project owner. The program was replaced by Section 8 and the only new commitments since then have been for amendments to contracts on State-aided, non-insured projects.

Rent supplement contracts were the same length as the mortgage. As rents escalated in the 1980s, contract funds were insufficient to subsidize units for the full-term of the contracts. Most insured and 202 projects converted their Rent Supplement assistance to Section 8 assistance during the 1980s. However, about 16,000 rent supplement units remain in HUD's inventory. Most of these are associated with non-insured State-aided Section 236 projects.

Rent Supplement Program

Since 1983, these amendments have been supported with funding under authority of a Supplemental Appropriations Act. The supplemental appropriation provided set-asides in both the Rent Supplement and the related Rental Housing Assistance Program account to amend State-aided, non-insured contracts for cost increases. Beginning in fiscal year 2006, new appropriations for amendments have been provided through annual appropriations as needed. The Department believes this approach represents a more efficient use of limited resources and significantly reduces unexpended balances.

The number of Rent Supplement units is 16,619 for fiscal year 2006; and 16,519 for fiscal years 2007 and 2008. Amendment needs are expected to increase in the coming years as the contracts age and require larger amendments for cost increases.

Rent Supplement Program

HOUSING
RENT SUPPLEMENT PROGRAM
Summary of Resources by Program
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Budget Authority</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2006 Obligations</u>	<u>2007 CR Estimate</u>	<u>2006 Carryover Into 2007</u>	<u>2007 Total Resources</u>	<u>2008 Request</u>
Amendments to State								
Agency RS Contracts ..	<u>\$7,524</u>	<u>\$66,915</u>	<u>\$74,439</u>	<u>\$3,127</u>	<u>\$6,930</u>	<u>\$71,312</u>	<u>\$78,242</u>	<u>\$8,300</u>
Total	7,524	66,915	74,439	3,127	6,930	71,312	78,242	8,300

2006 Budget Authority. It is part of total of \$26.4 million appropriated for contract amendments, pursuant to the fiscal year 2006 Appropriations Act (P.L. 109-115). The balance is in the Rental Housing Assistance Program. It is adjusted for a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).

2005 Carryover into 2006. It includes \$35.9 million in recaptures realized in fiscal year 2006.

2008 Request. This program request of \$8.3 million for amendment needs will be offset with a rescission of \$8.3 million anticipated to be recaptured from projects whose rental assistance has been terminated. The Budget proposes a total of \$27.6 million in rescission; however, \$8.3 million will be contributed by this program, while the remainder (\$19.3 million) will be contributed by the Rental Housing Assistance Payment (RAP) program of Section 236.

<u>FTE</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Estimate</u>
Headquarters	1	1	1
Field	<u>4</u>	<u>4</u>	<u>4</u>
Total	5	5	5

Rent Supplement Program

HOUSING
RENT SUPPLEMENT PROGRAM
Program Offsets
(Dollars in Thousands)

Amendments to State Agency RS Contracts	<u>Amount</u>
2006 Appropriation	\$7,524
2007 Full-Year CR Estimate.....	6,930
2008 Request	<u>8,300</u>
Program Improvements/Offsets	+1,370

2006 Appropriation. Reflects a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).

2008 Request. This program request of \$8.3 million for amendment needs will be offset with a rescission of \$8.3 million anticipated to be recaptured from projects whose rental assistance has been terminated. The Budget proposes a total of \$27.6 million in rescission; however, \$8.3 million will be contributed by this program, while the remainder (\$19.3 million) will be contributed by the Rental Housing Assistance Payment (RAP) program of Section 236.

Proposed Actions

There are no proposed actions.

Rent Supplement Program

**HOUSING
RENT SUPPLEMENT PROGRAM
Performance Measurement Table**

Program Name: RENT SUPPLEMENT PROGRAM					
Program Mission: Section 101 of the Housing and Urban Development Act of 1965, as amended, authorized rent supplements on behalf of needy tenants living in privately owned housing. This program also was used to provide additional "piggyback" rental assistance to a portion of the units in Section 236 projects, including State Agency developed projects that are not HUD-insured. Eligible tenants pay 30 percent of the rent or 30 percent of their income toward the rent whichever is greater. The difference between the tenant payment and the economic rent approved by the Department is made up by a Rent Supplement payment made directly to the project owner.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2006 Plan	2006 Actual	2007 Plan	2008 Plan
The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 95 percent.	Real Estate Assessment Center's Physical Assessment Subsystem	No less than 95%	95%	No less than 95%	No less than 95%

Explanation of Indicators

This indicator tracks the progress made by multifamily properties receiving assistance, as a group, in meeting physical condition standards established under the Real Estate Assessment Center's (REAC) Physical Assessment Inspection program.

Rent Supplement Program

**HOUSING
RENT SUPPLEMENT PROGRAM
Proposed Appropriations Language**

For amendments to contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1) in State-aided, non-insured rental housing projects, \$27,600,000 to remain available until expended.

(RESCISSION)

Of the amounts made available under the heading "Rent Supplement" in Public Law 98-63 for amendments to contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1) in State-aided, non-insured rental housing projects, \$27,600,000 is cancelled.

Explanation of proposal

This language includes amendment funding for both the Rent Supplement (\$8.3 million) and Rental Housing Assistance Payment (\$19.3 million) programs.

Beginning fiscal year 2006, funding for amendment needs was requested through annual appropriations as needed. The Department believes this approach represents a more efficient use of limited resources and significantly reduces unexpended balances. The fiscal year 2006 Appropriations Act included a provision that henceforth permits these contracts to be amended for a period less than the remaining contract term. This permanent law provision need not be repeated in subsequent enactments. The Budget also proposes an offsetting cancellation of budget authority from Rent Supplement and RAP contracts that are terminated with remaining unexpended balances.

Rent Supplement Program

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RENT SUPPLEMENT PROGRAM
Crosswalk of 2006 Availability
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Amendments to State Agency RS						
Contracts	\$7,600	-\$76	...	...	\$66,915	\$74,439
Total	7,600	-76	...	...	66,915	74,439

Supplemental/Rescission. Reflects a 1 percent governmentwide rescission pursuant to the fiscal year 2006 Department of Defense Appropriations Act (P.L. 109-148).

Rent Supplement Program

HOUSING
 RENT SUPPLEMENT PROGRAM
 Crosswalk of 2007 Changes

(Dollars in Thousands)

<u>Budget Activity</u>	<u>2007 President's Budget Request</u>	<u>FY 2007 CR Estimate</u>	<u>2007 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2007 Resources</u>
Amendments to State Agency RS						
Contracts	<u>\$6,930</u>	<u>\$6,930</u>	<u>...</u>	<u>...</u>	<u>\$71,312</u>	<u>\$78,242</u>
Total	6,930	6,930	...	...	71,312	78,242