

**HOUSING**  
**RENT SUPPLEMENT PROGRAM**  
**2012 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>
2010 Appropriation .....	\$9,000 <sup>a/</sup>	\$7,884	...	\$16,884	\$4,401	\$47,178
2011 CR .....	9,000 <sup>b/</sup>	12,408	...	21,408	12,396	41,946
2012 Request .....	<u>4,586<sup>c</sup></u>	<u>9,087</u>	<u>...</u>	<u>13,673</u>	<u>4,586</u>	<u>37,299</u>
Program Improvements/Offsets .....	-4,414	-3,321	...	-7,735	-7,810	-4,647

a/ Part of the total \$40 million in the Consolidated Appropriations Act, 2010 (P.L. 111-117). The balance of the appropriation (\$31 million) used for amendments to Section 236 RAP contracts is shown in the Rental Housing Assistance Program justification. The fiscal year 2010 Appropriation includes a \$90 thousand transfer to the Transformation Initiative. Carryover excludes contract authority funds withdrawn.

b/ Included in the total request of \$40 million for contract amendments; the remaining \$31 million is in the Rental Housing Assistance Program justification.

c/ Included in the total request of \$15.7 million for contract amendments; the remaining \$11.1 million is in the Rental Housing Assistance Program justification.

**Summary Statement**

HUD requests \$4.6 million to provide funding for amendments to State-aided Rent Supplement projects in fiscal year 2012. Amendment requirements under the Section 236 Rental Assistance Payments (RAP) Program are also funded under the Other Assisted Housing heading. The total fiscal year 2012 Budget request under the Other Assisted Housing heading is \$15.7 million, comprised of \$4.6 million for Rent Supplement and \$11.1 million for Section 236 RAP. This is proposed to be partially offset by a \$6.6 million rescission from Other Assisted Housing balances shown in a separate justification for the Rental Housing Assistance program.

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 program obligations 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 249 active Rent Supplement contracts with 12,679 rent supplement units remain in HUD's inventory as of January 2011. Most of these are associated with non-insured State-aided Section 236 projects.

## Rent Supplement Program

Since 1983, these amendments were supported with funding under the 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. In addition, the Department has switched the basis for these amendments to a budget authority basis, from the former contract authority methodology which reduces funding requirements and estimating errors.

Rent Supplement Program

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

<u>Budget Activity</u>	<u>2010 Budget Authority</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2010 Obligations</u>	<u>2011 CR</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2012 Request</u>
Amendments to State Agency RS Contracts ..	\$8,910	\$7,884	\$16,794	\$4,401	\$9,000	\$12,408	\$21,408	\$4,586
Transformation Initiative .....	<u>90</u>	<u>...</u>	<u>90</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total .....	9,000	7,884	16,884	4,401	9,000	12,408	21,408	4,586

<u>FTE</u>	<u>2010 Actual</u>	<u>2011 Estimate</u>	<u>2012 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)**

<b>Amendments to State Agency RS Contracts</b>	<b><u>Amount</u></b>
2010 Appropriation .....	\$8,910
2011 CR .....	9,000
2012 Request .....	<u>4,586</u>
Program Improvements/Offsets .....	-4,414

**2012 Request.** This reflects \$4.6 million of the \$15.7 million total request for contract amendments under the Other Assisted Housing heading. The remaining \$11.1 million requested for Section 236 RAP is in a separate justification.

**Proposed Actions.** The fiscal year 2012 Budget request provides \$4.6 million for Amendments to State-aided Rent Supplement Contracts.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Program Offsets  
(Dollars in Thousands)**

<b>Transformation Initiative</b>	<b><u>Amount</u></b>
2010 Appropriation .....	\$90
2011 CR .....	...
2012 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

**Proposed Actions**

In fiscal year 2012, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; and technical assistance and capacity building. Departmentwide, no more than \$120 million will be transferred to the Transformation Initiative Fund account in fiscal year 2012. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Appropriations Language**

Below is the italicized appropriations language for the Rent Supplement Program.

*OTHER ASSISTED HOUSING PROGRAMS  
RENTAL HOUSING ASSISTANCE*

*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, \$15,733,000, to remain available until expended.*

*RENT SUPPLEMENT  
(CANCELLATION)*

*Of the amounts recaptured from terminated contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236 of the National Housing Act (12 U.S.C. 1715z-1) \$6,600,000 are hereby permanently cancelled:  
Provided, That no amounts may be cancelled from amounts that were designated by the Congress as an emergency requirement pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.*

**Changes from 2010 Appropriations**

Revisions reflect current estimates of needs and funds availability.

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Crosswalk of 2010 Availability  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Amendments to State Agency RS						
Contracts .....	\$8,910	...	...	...	\$7,884	\$16,794
Transformation Initiative .....	<u>90</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>90</u>
Total .....	9,000	...	...	...	7,884	16,884

Rent Supplement Program

**HOUSING  
RENT SUPPLEMENT PROGRAM  
Crosswalk of 2011 Changes  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 President's Budget Request</u>	<u>2011 CR</u>	<u>2011 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2011 Resources</u>
Amendments to State Agency RS						
Contracts .....	\$12,272	\$9,000	...	...	\$12,408	\$21,408
Transformation Initiative .....	<u>124</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total .....	12,396	9,000	...	...	12,408	21,408