

**PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
2015 Summary Statement and Initiatives
(Dollars in Thousands)**

TENANT-BASED RENTAL ASSISTANCE	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2013 Appropriation	\$18,939,369	\$158,137 ^a	-\$975,528	\$18,121,978	\$17,897,161	\$18,022,012
2014 Appropriation/Request	19,177,218	224,817	...	19,402,035 ^b	19,402,035	19,014,000
2015 Request	<u>20,045,000^c</u>	<u>20,045,000</u>	<u>20,045,000</u>	<u>19,963,000</u>
Program Improvements/offsets	+867,782	-224,817	...	+642,965	+642,965	+949,000

a/ Includes \$4.4 million in recaptured funds.

b/ Total resources and obligations for fiscal year 2014 exclude an estimated \$528 thousand 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 2015 exclude an estimated \$70 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions. This number also includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent or \$15 million, whichever is less, of Budget Authority.

1. What is this request?

The Department requests \$20.045 billion for the Section 8 Housing Choice Voucher (HCV) program for fiscal year 2015, which is an increase of \$868 million from the fiscal year 2014 enacted level. This funding will provide 2.2 million very low-income families 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 2015 request includes funding for the following activities:

1. \$18.007 billion for contract renewals, which is an increase of \$641 million from the 2014 enacted level (adjusted for anticipated savings of \$235 million) would:
 - o stem the rise in worst case housing needs, which increased by 43.5 percent between 2007 and 2011, to an all-time high of 8.475 million households¹;
 - o ensure uninterrupted assistance to families with units under lease during calendar year 2014 and restore the 2013 sequestration funding cuts;

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- provide funding to renew vouchers first leased in 2014; and
 - account for increases in rental assistance costs due to inflation and changes in tenant income.
2. \$1.705 billion in administrative fees (a figure representing an approximate fee eligibility proration of 83.4 percent and a \$205 million increase from the 2014 enacted level) will:
- allow Public Housing Agencies (PHAs) to continue effective and efficient administration of the HCV program;
 - cover administrative costs associated with on-going operations and new vouchers requested in 2015; and
 - mitigate impact and prevent lasting effects of several years of cuts, which have led a number of PHAs to stop administering the HCV program and/or refuse an allocation of VASH vouchers.
3. \$150 million for Tenant Protection Vouchers (TPV), an increase of \$20 million from the 2014 enacted level, will:
- protect families living in 22,500 multifamily housing units whose owners are either prepaying or opting out of the program;
 - cover 400 vouchers for families residing in Multifamily Housing Projects awarded funding under the Choice Neighborhood program;
 - prevent displacement of residents in about 7,000 public housing units slated for revitalization under Choice Neighborhoods or for removal from the inventory due to demolition or disposition; and
 - support the Department's efforts to transition public housing to a Section 8 platform by repositioning public housing and HUD's legacy programs (Mod Rehab, Rent Supplemental and Rental Assistance Program (RAP) units) through a combination of RAD and TPVs.
4. \$75 million will fund housing for veterans through the HUD-Veterans Affairs Supportive Housing (VASH) Program, equal to the fiscal year 2014 enacted level.
5. \$108 million in contracts and administrative fees originally funded under the Section 811 Tenant-Based program. This is an increase of \$1.7 million from the 2014 enacted level.

¹ "Worst Case Housing Needs 2011: Report to Congress," U.S. Department of Housing and Urban Development (August 2013); Available at: http://www.huduser.org/portal/publications/affhsg/wc_HsgNeeds11_report.html

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Effective administration of the Housing Choice Voucher (HCV) program is dependent on the operating resources requested in the Salaries and Expenses justification. For fiscal year 2015, \$70.0 million is requested to operate this program account, an increase of \$4.3 million. The following is a breakout of Salaries and Expenses for HCV:

- Personnel Services – \$63.1 million.
- Non-Personnel Services – \$6.9 million.
- FTE – 467

PIH has 12 functional areas to which employees devote their time. The primary functions to which PIH employees report in support of the HCV program include but are not limited to TBRA Operations and Monitoring; Resource Formulation, Allocation and Financial Management; Financial & Physical Program Integrity; and Strategic Planning and Risk Management.

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

- Ensuring that families currently assisted under the HCV program continue to receive assistance;
- Supporting the Federal Strategic Plan to End Homelessness (FSP) by reducing the number of chronically homeless individuals, families, and veterans;
- Maximizing the federal investment and the number of families assisted through HUD's rental housing assistance programs through comprehensive monitoring of utilization; and
- Providing greater access to housing and better housing opportunities for very low- and extremely low-income families.

Legislative Proposal Summaries

In appropriations language and general provisions:

- 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;
- Authorize Indian tribes and tribally designated housing entities (TDHEs) to administer HUD-VASH assistance;
- Ensure that the allocation of TPVs for housing conversions do not result in a net gain of affordable housing resources for a community that go beyond replacing vouchers for the loss of affordable units; and
- Allow transfers of TPV funding to augment, only as necessary, recaptures and other funds from the Other Assisted Housing account to convert Rent Supplemental/RAP units to PBRA for preservation under RAD.

To be submitted as a part of the Spring 2014 legislative package:

- Expand the Moving to Work program to high capacity PHAs;
- Improve the Project-Based Voucher program; and
- Authorize triennial income recertification for households with fixed incomes.

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2. What is this program?

The HCV program is the federal government's major 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 provides rental assistance to 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, 79 percent are extremely low-income, with incomes at or below 30 percent of the area median income, 42 percent have a disabled head of household, and 20 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. 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 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 its 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: Housing Assistance Payments (HAP) made to owners to cover the difference between a tenant's rent contribution and the unit rent, and administrative fees paid to PHAs to cover the cost of administering the program.

Contract Renewals

For calendar year 2015 contract renewals, the Department requests \$18.007 billion. Contract renewals provide funding to renew expiring HCV program Housing Assistance Payments (HAP) funding increments on a calendar-year basis (an additional \$108 million in separate contract renewal funding supports the contracts and administrative fees that were originally funded under the Section 811 Housing for Persons with Disabilities (Mainstream) Program; these vouchers were converted to the HCV program under the Frank Melville Supportive Housing Investment Act of 2010 (Public Law 111-374 — enacted on January 4, 2011).