

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING
OTHER ASSISTED HOUSING
2020 Summary of Resources

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2018 Appropriation	14,000	65,479 ^a	-	79,479	6,018	110,965
2019 Annualized CR	14,000	93,374 ^b	-	107,374 ^c	4,000	111,000
2020 Request	3,000	129,374 ^d	-	132,374	4,000	88,000
Change from 2019	(11,000)	36,000	-	25,000	-	(23,000)

- a/ Amount includes \$30 million of Section 236 Rental Housing Assistance Payments (RAP) and Section 235 combined carryover, \$43 million in recoveries for RAP, \$3 million in recoveries for Rent Supplement (Rent Supp), and an \$867 thousand adjustment in fiscal year 2018. It also includes \$10.5 million transferred to Project-Based Rental Assistance (PBRA) for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.
- b/ Amount includes \$73 million in RAP and Section 235 combined carryover, an estimated \$26 million in recoveries for RAP, and \$3 million in recoveries for Rent Supp. It also includes an estimated \$9 million for transfers to PBRA for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.
- c/ Total Resources include \$60.4 million in carryover, \$47 million in Section 235 and Section 236 Interest Reduction Payments (IRP) not available for obligation.
- d/ Amount includes \$103 million in RAP and Section 235 combined carryover, an estimated \$26 million in recoveries for RAP, and \$3 million in recoveries for Rent Supp. It also includes an estimated \$3 million for transfers to PBRA for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.

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1. Program Purpose and Budget Overview

The 2020 President's Budget request for the Section 236 Rental Housing Assistance Payments (RAP) and Rent Supplement (Rent Supp) programs is \$3 million, which is \$11 million less than the 2019 Annualized Continuing Resolution (CR) level. This request, when combined with anticipated carryover and recaptures from previous years, will allow HUD to fully support:

- Initial funding transfers for Rental Assistance Demonstration (RAD) conversions, and
- Amendment or extension needs of remaining RAP properties, if needed.

2. Request

Rental Assistance Demonstration (RAD) Transfers

As RAP and Rent Supp properties convert to Project-Based Rental Assistance (PBRA) under RAD, HUD uses a portion of the funds that would have otherwise been spent on amendments or extensions to provide initial funding for the new Section 8 contracts. The \$3 million included in this request will ensure that HUD has the resources to cover the costs associated with the remaining RAP projects. As will be detailed further in forthcoming guidance issued by HUD, all remaining Rent Supp and RAP conversions under the 2nd Component (including potential retroactive conversions) must be completed by FY 2020.

RAP Amendments or Extensions

This request will ensure there are sufficient funds to cover the amendment or extension needs of remaining RAP properties.

Transfer to Housing for the Elderly

HUD also requests the authority to transfer funds remaining in the account at the end of FY 2020, to the Housing for the Elderly account.

3. Justification

RAP contracts support critical affordable housing and rental assistance for vulnerable populations (low-income families and elderly) across the country. To effectively support this population, the Department continues to request appropriations for remaining contracts,

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while simultaneously working to streamline and consolidate the programs onto the project-based Section 8 platform via RAD. This improvement would simplify the administration of properties for both the owners and HUD, and better allow the owners to access private capital to make improvements to the properties. As of March 2019, over 29,000 RAP and Rent Supp units converted through RAD to long-term Section 8 contracts. The final Rent Supp properties completed conversion, ending the Rent Supp program, while nine RAP contracts remain. By FY 2020, HUD expects to have converted the remaining RAP contracts. These conversions will be funded in part through transfers from the Rental Housing Assistance account.

The Department has implemented three strategies to preserve the affordability of these assisted units and/or to prevent displacement or rent increases for low-income residents. The first strategy, aimed at the long-term preservation of these properties and authorized as part of RAD, allows owners to convert to long-term Section 8 contracts, either Project-Based Vouchers (PBV) or PBRA, to preserve the properties as affordable housing. Authority enacted in 2015 provided Rent Supp and RAP properties the option to convert to long-term PBRA contracts via RAD, using: (1) amounts remaining on the contracts of converting projects, (2) funding that might otherwise be used to provide contract extensions and rent amendments for converting projects, and/or (3) amounts from tenant protection vouchers. Therefore, while the 2020 request is based on potential extension and amendment needs in 2020, most of the funding may be used to support RAP conversions to project-based contracts via RAD.

Under the second strategy, which supports the first, HUD offers short-term contract extensions of up to 12 months. These extensions provide time for owners to obtain new financing for the property to maintain it as affordable housing while completing a RAD conversion transaction.

If the owner is uninterested in maintaining the property as affordable housing, a third strategy provides tenant protection vouchers to eligible residents at the time of expiration of the contract, to safeguard low-income residents from rent increases or displacement.

The Department's request will continue an approach that combines the resources and lessons learned from all three strategies while maintaining owners' options for preserving and streamlining projects onto a project-based platform. The funding request would allow the Department to continue to support the RAP contracts during the conversions and streamlining process, either via short-term contract extensions (less than 12 months), or via contract rent amendments. Contract extensions will only be provided to projects that will otherwise expire in 2019, and require additional time to plan for conversion via RAD.

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Other Legislative Proposals and Programmatic Improvements

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process. This legislative change will allow for the transfer of funds remaining in the account at the end of FY 2020, to the Housing for the Elderly account to be used for capital advance contracts, service coordinators, and the continuation of existing congregate service grants for residents of assisted housing properties.

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HOUSING
OTHER ASSISTED HOUSING
Summary of Resources by Program

(Dollars in Thousands)

Budget Activity	2018 Budget Authority	2017 Carryover Into 2018	2018 Total Resources	2018 Obligations	2019 Annualized CR	2018 Carryover Into 2019	2019 Total Resources	2020 Request
Rent Supplement	4,000	6,136	10,136	902	4,000	8,136	12,136	1,000
Rental Housing Assistance (Sec 236)	10,000	69,843	79,843	5,116	10,000	94,241	104,241	2,000
Rental Assistance Demonstration (Transfer)	-	(10,500)	(10,500)	-	-	(9,003)	(9,003)	-
Total	14,000	65,479	79,479	6,018	14,000	93,374	107,374	3,000

HOUSING
OTHER ASSISTED HOUSING PROGRAMS
Appropriations Language

The 2020 President's Budget includes the appropriation language listed below:

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, noninsured rental housing projects, [\$5,000,000]\$3,000,000, to remain available until expended: Provided, That such amount, together with unobligated balances from recaptured amounts appropriated prior to fiscal year 2006 from terminated contracts under such sections of law, and any unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading after fiscal year 2005, shall also be available for extensions of up to one year for expiring contracts under such sections of law. Provided further, That the Secretary may transfer funds remaining from such amount made available prior to the first proviso to the "Housing for the Elderly" account to be used for capital advance contracts for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects. Note.—A full-year 2019 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, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.

Note.—A full-year 2019 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, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.