

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Project-Based Rental Assistance

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2022 Appropriation	13,940,000	451,029	-	14,391,029	14,067,670	13,904,865
2023 Appropriation	14,907,000	444,748	-	15,351,748	15,160,000	14,961,000
2024 President's Budget	15,904,000	321,000	-	16,225,000	15,921,000	15,281,000
Change from 2023	997,000	(123,748)	-	873,252	761,000	320,000

a/ 2022 Resources includes an estimated \$370 million of unobligated balances, an adjustment of \$3 million to the beginning balance, \$43 million from recaptures, \$34 million from transfers from the Public Housing Fund, and \$5 million from Housing for the Elderly for RAD conversions.

b/ 2023 Resources include an estimated \$323 million of unobligated balances, an estimated \$56 million from recaptures, an estimated \$41 million from transfers from the Public Housing Fund, and an estimated \$26 million from Housing for the Elderly for RAD conversions. It also includes \$1.3 million of RAD funding transfer from PBRA to Other Assisted Housing.

c/ 2024 Resources includes unobligated balances of \$192 million, anticipated recaptures of \$56 million, an estimated \$45 million transferred from the Public Housing Fund, and an estimated \$28 million from Housing for the Elderly for RAD conversions.

#### PROGRAM PURPOSE

The Project-Based Rental Assistance (PBRA) program provides more than 1.3 million low-income and very low-income families with decent, safe, and affordable housing. Without this assistance, many currently affordable properties would either convert to market rates or would be unable to generate enough rental income to be maintained in adequate living conditions.

#### BUDGET OVERVIEW

The 2024 President's Budget requests \$15.9 billion for the PBRA program, which is \$997 million more than the 2023 enacted level. This includes:

- \$15.3 billion for contract renewals and amendments, including \$48 million for public housing properties that converted to PBRA via the Rental Assistance Demonstration (RAD), \$183 million for Section 8 Moderate Rehabilitation and the Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab and SRO programs) renewals, and \$34 million for Original Term contract amendments.
- \$62 million for RAD conversion subsidy, including \$50 million for conversions from Public Housing, \$10 million for conversions from Section 202 Project Rental Assistance Contracts (PRACs), and \$2 million to fund contract support for lower capacity and small property owners converting through RAD;
- \$28 million to support budget-based rent increases (BBRIs) for at-risk Mark-to-Market (M2M) properties (\$25 million) and other PBRA properties that have health and safety deficiencies (\$3 million);
- \$25 million for the Distressed Properties Capital Loan Program;
- \$31 million for BBRIs for PBRA properties serving the elderly to cover the cost of a service coordinator; and
- \$448 million for Performance-Based Contract Administration (PBCA).

This Budget also requests modifications to the RAD statute in the General Provisions to expand and improve the efficacy of RAD conversions to both PBRA and Project-Based Vouchers (PBV), including:

- Eliminating the September 30, 2024, sunset date by which public housing authorities can apply for RAD.
- Removing the cap on public housing units that may convert under RAD.
- Ensuring the continued availability of services for residents following a RAD conversion to PBRA or PBV under the first component. This will guarantee that resident services funding under the Jobs Plus, Resident Opportunities for Self-Sufficiency (ROSS), and Congregate Housing Services Program (CHSP) programs 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 the conversion of properties benefiting from Jobs Plus program grants.
- Permitting the conversion and integration of the budget authority associated with Tenant Protection Vouchers (TPV) authorized following a Section 18 approval into RAD PBRA or PBV contracts and permitting previously converted properties that have both a PBV and a PBRA contract to combine those contracts into one platform (i.e., either PBRA or PBV).
- Authorizing the use of Participating Administrative Entities (PAEs) to reduce the administrative burden on small properties converting under RAD.
- Authorizing the budget-neutral conversion for properties assisted under Senior Preservation Rental Assistance Contracts (SPRACs) under RAD.

This program aligns to HUD 2022-2026 Strategic Objective 2A: *Increase the Supply of Housing.*

## JUSTIFICATION

### Contract Renewals and Amendments - \$15.3 billion

The Budget fully funds the renewal or amendment of approximately 17,700 rental assistance contracts, providing safe, stable, and affordable housing to approximately 1.3 million low-income and very low-income households. The PBRA program serves some of the Nation's most vulnerable populations, including seniors, families with children, and persons with disabilities; it also serves many people of color (demographic detail below in chart). This line item includes \$48 million for renewal of Section 8 contracts converted via RAD already within the Office of Housing PBRA portfolio, as well as properties that are projected to convert to PBRA during 2022 and 2023 via RAD which will require PBRA budget authority for the first time in 2024. The total also includes \$34 million for Section 8 Original Term contract amendments, which are used to amend long-term project-based Section 8 contracts executed primarily in the 1970s and 1980s. The PBRA contract renewal and amendment amounts assume that PBRA annual gross current services needs will be fully funded in 2023. This total amount also includes \$183 million for renewals in the Mod Rehab and SRO programs.

Increases in gross needs for PBRA renewals and amendments are driven by several factors, most notably annual rent increases and the addition of units formerly funded in other programs (e.g., Public Housing) entering the PBRA renewal portfolio for the first time. For 2024, HUD estimates PBRA subsidy inflation at approximately 5.1 percent, resulting from Operating Cost Adjustment Factors (OCAF) and other rent adjustments, coupled with a three percent increase in tenant contributions, relative to 2023 enacted levels.

PBRA contracts are public-private partnerships working with for-profit and non-profit entities in local communities and providing a crucial Federal investment in the Nation's stock of deeply affordable housing. In places of disinvestment, PBRA improves housing quality and safety through higher management and occupancy standards than are generally required under State and local law. In places with high housing costs, PBRA provides access to affordable housing not otherwise available for many households.

The program maintains and protects the long-term Federal investment in these assets. Nationally, only 37 affordable units are available per 100 extremely low-income renters.<sup>1</sup> Without rental assistance, many of these households would not be able to access housing at local market rates or would have very high housing costs. Households burdened with high housing costs often sacrifice spending on other critical expenses such as food, healthcare, and transportation to stay housed, potentially impacting their health outcomes and access to job and educational opportunities.<sup>2</sup> PBRA funding directly reduces worst-case housing needs by providing affordable housing to populations likely to be in this situation, including families with children, senior citizens, and persons with disabilities, who might otherwise be at risk of experiencing homelessness. Approximately 45 percent of assisted households are headed by elderly persons, 16 percent by persons with disabilities, and 33 percent are families with children.<sup>3</sup>

The PBRA program is a crucial component of the Federal housing safety net for people in need. Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to greater local economic opportunity by providing employment, increasing the buying power of assisted tenants in support of local businesses, and increasing local tax bases. The PBRA program directly contributes to job creation and retention in the fields of property management, maintenance, general construction, and contract work such as landscaping, pest control, security, snow removal, equipment servicing, legal representation, and property insurance. Because PBRA contracts are a place-based investment, they provide opportunities for the Department to engage with communities where they are located and foster connections between HUD and local programs and initiatives. Without ongoing rental income, some properties may be unable to continue payments on existing debt, including mortgages insured by FHA or backed by bonds issued by State housing finance agencies. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements. Refinancing and capital improvements create opportunities for increasing the energy efficiency of PBRA properties. HUD incentivizes energy efficiency at FHA-insured PBRA properties undergoing refinance through the FHA Green Mortgage Insurance Premium (MIP) program and the forthcoming Green and Resilient Retrofit Program. Of 17,700 total PBRA properties, more than 5,100 PBRA properties carry financing issued by FHA.

This amount does not fund inspections, as it did in prior years. Instead, all inspection funds will come from a single account. The Operational Performance Evaluation and Risk Assessments (OPERA) account is proposed in the budget for the inspection and assessment of rental assistance programs. This new account, previously funded under the Financial and Physical Assessment set-aside within the Public Housing Fund and accounts within the Office of Housing, streamlines the

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<sup>1</sup> National Low Income Housing Coalition (2021). The Gap: A Shortage of Affordable Rental Homes March 2021. Analysis based on tabulations of 2019 American Community Survey Public Use Microdata Sample data.

Available at: <https://reports.nlihc.org/gap>

<sup>2</sup> Joint Center for Housing Studies of Harvard University (2020). The State of the Nation's Housing 2020. Available at: <https://www.jchs.harvard.edu/state-nations-housing-2020>

<sup>3</sup> HUD Administrative Data. 12-Month Tenant Characteristics Report - Ending December 31, 2020. Available at: [https://www.hud.gov/sites/dfiles/Housing/documents/Tenant\\_Characteristics\\_Rpt.pdf](https://www.hud.gov/sites/dfiles/Housing/documents/Tenant_Characteristics_Rpt.pdf)

Real Estate Assessment Center (REAC) operations into a centrally funded account that performs inspections, evaluations, and assessments across HUD's housing programs. This centrally funded account will enhance the quality and capabilities of these services to ensure that millions of residents reside in housing that is healthy, safe, and operated at a high level. Please see the OPERA Justification for more details.

### **Rental Assistance Demonstration Activities - \$62 million**

The Budget includes a total of \$62 million for RAD activities: \$50 million in RAD conversion subsidy in the PBRA account (as well as \$50 million in RAD conversion subsidy in the TBRA account) to support the cost-effective conversion of 30,000 public housing properties that are unable to convert using only the funds provided through existing appropriations, \$10 million in RAD conversion subsidy to support the cost-effective conversion of 3,000 Section 202 PRAC properties that could not otherwise participate in a RAD conversion to support a more sustainable long-term operation, and \$2 million to utilize PAEs to provide direct support to lower capacity and small property owners for the due diligence requirements of the RAD conversions under both components of RAD.

### **Budget-Based Rent Increases for certain at-risk post-Mark-to-Market properties and other PBRA properties with health and safety deficiencies - \$28 million**

The Budget includes \$25 million to allow budget-based rent adjustments for certain at-risk post-M2M Section 8 properties to prevent distress and facilitate rehabilitation, consistent with program requirements that the property rents remain at or below comparable market rents. M2M contract rents are initially set at market levels and may currently only be adjusted by OCAF unless approved by HUD for a budget-based rent. Approximately 1,800 properties have rents below Fair Market Rents for their locality. This funding would allow HUD to serve an estimated 100 at-risk properties eligible for BBRI adjustment under Section 236 of the 2023 Appropriations Act that are at risk of becoming distressed. The Budget also requests authority for and includes \$3 million for BBRI adjustments for other at-risk PBRA properties that have health and safety deficiencies, to modify contract rents to the lesser of budget-based rents or comparable market rents to fix identified deficiencies. This funding would allow HUD to increase the contract rents for 10-15 properties to address their deficiencies.

Overall, these funds would stabilize the operating budgets of the affected properties and provide for rehabilitation to improve conditions for residents. This will maintain the good physical condition of the properties, achieve greater sustainability, and preserve the availability of affordable housing units into the future while also preventing a default on FHA-insured mortgages.

### **Distressed Properties Capital Loan Program – \$25 million**

The Budget includes \$25 million to provide loans, including forgivable loans, to owners of distressed PBRA properties. This program will serve distressed properties already at market rate rents that need capital to address the causes of their distress. This funding will support the rehabilitation or replacement of an estimated 12 properties (about 500 units), targeting the most distressed inventory.

### **Budget-Based Rent Increases to Fund Service Coordinators for the Elderly - \$31 million**

This Budget includes \$31 million to support BBRIs at PBRA properties serving the elderly to cover the cost of a service coordinator to help elderly residents stay healthy and age in place. Elderly service coordination is recognized as a cost-effective means to support seniors aging-in-place and prevent premature institutionalization in nursing homes. These rent increases would be limited to circumstances where budget-based rent adjustments are allowed by statutory program authorizations.

### **Contract Administration - \$448 million**

The Budget includes \$448 million to maintain the Performance Based Contract Administration (PBCA) program in 2024. This level of funding will ensure critical PBCA services continue without interruption. This level would provide for the continuation of Management and Occupancy Reviews, incorporate projected transfers of existing non-PBCA administered contracts into the PBCA portfolio, and include projected increases in Fair Market Rents, upon which fees are based. This assumes the extension of current agreements.

### **Rental Assistance Demonstration**

The RAD conversion to PBRA and PBV is a powerful tool to secure the Federal safety net that has preserved over 208,400 affordable homes thus far (168,800 in public housing and 39,600 in other HUD rental assistance programs). 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 with the converted public housing units are particularly noteworthy:

- The PHAs' development teams have generated over \$16 billion, or over \$77,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured \$15.56 for every \$1 of appropriated public housing funds contributed to project budgets.
- Some of the most-distressed public housing apartments have been demolished and replaced with over 23,000 newly constructed affordable homes, all meeting international standards for energy efficiency.
- Over 9,500 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.
- Over 312,000 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, requires a cost-effective, leveraged strategy to achieve comprehensive modernization and ensure the benefits of improved or redeveloped public housing assets is equitably achieved throughout the country. This

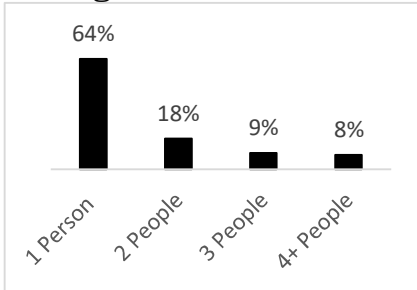
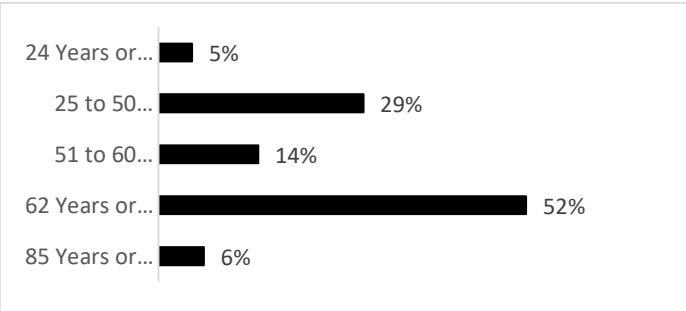
Budget advances those efforts. The funding supports the cost-effective conversion of public housing properties that are unable to convert using only the funds provided through existing appropriations. Several of the general provisions requested below protect residents' access to services, provide an 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.

### **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests \$1.5 million for the Tenant Complaint CRM system.

Tenant Complaint CRM (\$1.5 million): HUD does not have a system to enable Multifamily Housing Asset Management staff, Performance-Based Contract Administrators, the Multifamily Clearinghouse call center, and Field Program Management staff, to conduct unified intake, tracking and resolution of tenant contacts related to unsafe and unsanitary property conditions or exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with uncoordinated logging and tracking of information, which significantly limits MFH's ability to understand, track, and address complaints in a coordinated manner.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

<b>Q2 2023 Project-Based Rental Assistance (PBRA) Tenant Characteristics</b>																							
<p><b>How many households and people are served?</b></p> <p><b>2.0 million</b> people</p> <p><b>1.3 million</b> households</p>	<p><b>What are the characteristics of the heads of household?</b></p> <p>Female headed families with children <b>23%</b></p> <p>Elderly <b>52%</b></p> <p>Non-elderly disabled <b>15%</b></p>																						
<p><b>How big are the households?</b></p>  <table border="1"> <caption>Household Size Distribution</caption> <thead> <tr> <th>Household Size</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1 Person</td> <td>64%</td> </tr> <tr> <td>2 People</td> <td>18%</td> </tr> <tr> <td>3 People</td> <td>9%</td> </tr> <tr> <td>4+ People</td> <td>8%</td> </tr> </tbody> </table>	Household Size	Percentage	1 Person	64%	2 People	18%	3 People	9%	4+ People	8%	<p><b>How old are the heads of household?</b></p>  <table border="1"> <caption>Head of Household Age Distribution</caption> <thead> <tr> <th>Age Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>24 Years or...</td> <td>5%</td> </tr> <tr> <td>25 to 50...</td> <td>29%</td> </tr> <tr> <td>51 to 60...</td> <td>14%</td> </tr> <tr> <td>62 Years or...</td> <td>52%</td> </tr> <tr> <td>85 Years or...</td> <td>6%</td> </tr> </tbody> </table>	Age Group	Percentage	24 Years or...	5%	25 to 50...	29%	51 to 60...	14%	62 Years or...	52%	85 Years or...	6%
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<p><b>What are the racial characteristics of the tenants?</b></p> <p>This program serves a diverse population. <b>68%</b> of residents are in a minority group.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th><i>Asian/Pacific Islander</i></th> <th><i>Black, non-Hispanic</i></th> <th><i>Hispanic</i></th> <th><i>Native American</i></th> <th><i>White, non-Hispanic</i></th> </tr> </thead> <tbody> <tr> <td><b>5%</b></td> <td><b>41%</b></td> <td><b>20%</b></td> <td><b>1%</b></td> <td><b>32%</b></td> </tr> </tbody> </table>		<i>Asian/Pacific Islander</i>	<i>Black, non-Hispanic</i>	<i>Hispanic</i>	<i>Native American</i>	<i>White, non-Hispanic</i>	<b>5%</b>	<b>41%</b>	<b>20%</b>	<b>1%</b>	<b>32%</b>												
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<p><b>What are the income levels of assisted households?</b></p> <p>Tenants make an average gross income of <b>\$14,354</b></p> <p><b>80%</b> of households earn \$20,000 or less per year</p>	<p><b>How do household incomes compare to the local area median income?</b></p> <p>Extremely low income (less than 30% AMI) <b>80%</b></p> <p>Very low income (30% to 50% AMI) <b>17%</b></p> <p>Low Income (50% to 80% AMI) <b>3%</b></p>																						
<p><b>What is the share of rent paid by the tenant and HUD?</b></p> <p>Average household contribution: <b>\$336</b>      Average HUD contribution: <b>\$938</b></p>																							

Some percentage totals are not equal to 100 due to rounding.  
 Source: HUD PIC and TRACS databases, December 2022 extract.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2022 Budget Authority	2021 Carryover Into 2022	2022 Total Resources	2022 Obligations	2023 Appropriation	2022 Carryover Into 2023	2023 Total Resources	2024 President's Budget
Contract Renewals/Amendments	13,420,000	129,676	13,549,676	13,489,451	13,469,580	133,158	13,602,738	15,310,000
Renewal Emergency Funding	-	-	-	-	969,420	-	969,420	-
Mod Rehab and SRO Renewals	160,000	105,779	265,779	162,593	125,000	82,858	207,858	-
Contract Renewals CARES Act	-	158,925	158,925	19,453	-	139,474	139,474	-
Tenant Education and Outreach	5,000	9,800	14,800	-	-	16,000	16,000	-
Contract Administrators	355,000	-	355,000	355,000	343,000	-	343,000	448,000
Rental Assistance Demo (RAD) Contract Renewals	-	46,849	46,849	41,173	-	73,258	73,258	[73,000]
RAD Conversion Subsidy	-	-	-	-	-	-	-	62,000
BBRIs for M2M and Health & Safety	-	-	-	-	-	-	-	28,000
Distressed Properties Capital Loan	-	-	-	-	-	-	-	25,000
BBRI Service Coordi	-	-	-	-	-	-	-	31,000
<b>Total</b>	<b>13,940,000</b>	<b>451,029</b>	<b>14,391,029</b>	<b>14,067,670</b>	<b>14,907,000</b>	<b>444,748</b>	<b>15,351,748</b>	<b>15,904,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2024 President's Budget includes the following:

- Distressed Properties Capital Loan Program: The PBRA Account is being amended to include a set-aside to fund the newly proposed Distressed Properties Capital Loan Program and establish loan volume authority.
- 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.



## Legislative Proposals

The 2024 Budget also supports the following legislative proposals and will seek changes through the authorization process:

- Preserve assisted units when transferring to higher-opportunity locations via 8(bb): Under current law, when a property owner terminates a PBRA contract, HUD may transfer the available budget authority to a new contract. This proposal would expand this authority to allow not only the transfer of available budget authority, but also the same number of assisted units, if such transfer would be in neighborhoods of opportunity (e.g., with low levels of poverty, low concentrations of racial minorities, low crime, and/or high-quality schools). This would require additional budget authority if the rents at the new location are higher than the previous location.
- Align M2M with Section 8 for MOR Schedule: This proposal would allow HUD to conduct Management and Occupancy Reviews (MORs) for Mark-to-Market (M2M) properties on the same schedule as other PBRA properties. Currently, M2M properties must be reviewed annually, while other PBRA properties are subject to a risk-based schedule (e.g., low risk properties reviewed less frequently, up to once every 3 years).
- Permanent Authority for Performance-Based Contract Administrators (PBCA) Modifications: This proposal would permanently allow HUD to make the PBCA solicitation process a Notice of Funding Opportunity (awarding cooperative agreements) rather than a FAR procurement.
- Triennial Recertification to Promote Family Wealth Building: Under current law, a tenant's income must be verified, and their tenant rent contribution calculated annually, unless they are elderly or disabled on fixed income, in which case it is every three years. HUD proposes to extend every-three-year recertification to all families.

## General Provisions

The 2024 President's Budget proposes the following general provisions:

- Distressed Properties Capital Loan Program: This provision allows HUD to make direct loans to owners of distressed PBRA properties to support rehabilitation or replacement. Properties receiving these loans would agree to extended affordability. (Sec. 233)
- BBRI for at-risk PBRA properties with health and safety deficiencies: Some PBRA properties are subject to rent adjustment provisions that result in property revenue inadequate to meet the property's needs. This addition to MAHRAA provides a mechanism to address these problem situations if the property has health and safety deficiencies. The provision allows HUD to implement a rent adjustment to the lesser of budget-based rents or comparable market rents as necessary to fix identified deficiencies. The provision authorizes the rent adjustment as the necessary companion provision to \$3 million requested for this purpose in the PBRA account. (Sec. 234)
- Accelerate the Remaining Interest Reduction Payment (IRP) Subsidy to Section 236 Program Recipients: This provision allows HUD to accelerate Interest Reduction Payment (IRP) subsidy payments to the 29 remaining Section 236 IRP properties, so that HUD can end the IRP program and accompanying decoupling program. Accelerating payments to these properties would allow owners to pay their debt service in a lump sum or continue monthly payments as scheduled. This change only modifies the disbursement of the funds, relieving HUD and the owner of administration costs, without altering affordability restrictions on the property. (Sec. 235)

- Rental Assistance Demonstration (RAD): This provision makes programmatic changes to the Rental Assistance Demonstration, including making the program permanent, expanding funding access, and other technical changes. (Sec. 236) – See descriptions on page two above.
- Performance-Based Contract Administrators (PBCA) Modifications: The provision allows the Department to use cooperative agreements to select State and local housing agencies through a Notice of Funding Opportunity as performance-based contract administrators (PBCAs) of Project-Based Rental Assistance contracts. Contract administration is essential to the rental assistance upon which renters and properties rely. (Sec. 237)
- Sunset the Section 8 Moderate Rehabilitation and McKinney-Vento Single Room Occupancy Programs: The PBRA account continues to renew approximately 21,000 affordable units through the Mod Rehab and SRO programs on year-to-year contracts. Through RAD, these properties have a path to enter long-term Section 8 contracts. Alternatively, an owner may choose to opt out of their contract and secure tenant protection vouchers to issue to residents. The budget proposes a sunset of the Mod Rehab and SRO programs in 2027 to give owners time to develop plans for transition to one of the two alternative platforms (PBRA or PBV). This proposal would protect residents, produce and secure long-term affordable housing opportunities, streamline HUD and PHA administration, and result in improved properties within HUD's portfolio. (Sec. 238)

## APPROPRIATIONS LANGUAGE

The 2024 President's Budget includes proposed changes in the appropriations language listed below. New language is italicized, and the language proposed for deletion is bracketed.

For activities and assistance for the provision of project-based subsidy contracts under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) ("the Act"), not otherwise provided for, [\$13,537,580,000] *\$15,504,000,000*, to remain available until expended, shall be available on October 1, [2022] *2023* (in addition to the \$400,000,000 previously appropriated under this heading that became available October 1, [2022] *2023*), and *\$400,000,000*, to remain available until expended, shall be available on October 1, [2023] *2024*: Provided, That the amounts made available under this heading shall be available for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401), for renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for administrative and other expenses associated with project-based activities and assistance funded under this heading: *Provided further, That the amount of 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 factored into housing assistance payments under project-based subsidy contracts*: Provided further, That of the total amounts provided under this heading, not to exceed [\$343,000,000] *\$448,000,000* shall be available for performance-based contract administrators for section 8 project-based assistance, for carrying out 42 U.S.C. 1437(f): Provided further, That the Secretary may also use such amounts in the preceding proviso for performance-based contract administrators for the administration of: interest reduction payments pursuant to section 236(a) of the National Housing Act (12 U.S.C. 1715z-1(a)); rent supplement payments pursuant to section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s); section 236(f)(2) rental assistance payments (12 U.S.C. 1715z-1(f)(2)); project rental assistance contracts for the elderly under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q); project rental assistance contracts for supportive housing for persons with disabilities under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.

8013(d)(2)); project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86–372; 73 Stat. 667); and loans under section 202 of the Housing Act of 1959 (Public Law 86–372; 73 Stat. 667): Provided further, That amounts recaptured under this heading, the heading "Annual Contributions for Assisted Housing", or the heading "Housing Certificate Fund", may be used for renewals of or amendments to section 8 project-based contracts or for performance-based contract administrators, notwithstanding the purposes for which such amounts were appropriated: Provided further, That, notwithstanding any other provision of law, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 8 project-based Housing Assistance Payments contract that authorizes the Department or a housing finance agency to require that surplus project funds be deposited in an interest-bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended: Provided further, That amounts deposited pursuant to the preceding proviso shall be available in addition to the amount otherwise provided by this heading for uses authorized under this heading: *Provided further, That of the total amount provided under this heading, 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 pursuant to section 9 of the Act under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of 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 of the total amount provided under this heading, up to \$10,000,000 shall be available to supplement funds transferred from the heading "Housing for the Elderly" to fund contracts for properties converting from assistance under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)) under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of 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 of the total amounts provided under this heading, up to \$2,000,000 shall 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) (MAHRAA) 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 converting assistance under the First Component or the Second Component under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of division C of Public Law 112–55): Provided further, That of the total amounts provided under this heading, not less than \$25,000,000 shall be available for rent adjustments as authorized by section 515(d) of MAHRAA: Provided further, That of the total amounts provided under this heading, not less than \$3,000,000 shall be available for rent adjustments as authorized by section 524(h) of MAHRAA (as added by this title) necessary to address health and safety deficiencies: Provided further, That up to 2 percent of the total amount made available in the previous two provisos shall be for administrative contract costs, including for carrying out due diligence and underwriting functions for evaluating owners' requests and for technical assistance activities: Provided further, That of the total amounts provided under this heading, not to exceed \$31,000,000 shall be available for budget-based adjustments for service coordinators for the elderly: Provided further, That any additional amounts for rent adjustments or supplemental contract funding authorized under the eight previous provisos shall be combined with other amounts obligated to such contracts and the combined total amount shall be available for all purposes under such contracts: Provided further, That of the total amounts provided under this heading, not to exceed \$25,000,000 shall be available for the cost of direct loans as authorized by section 8A of the Act (as added by this title): Provided further, That such cost, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. (Department of Housing and Urban Development Appropriations Act, 2023.)*