### HOUSING
#### PROJECT-BASED RENTAL ASSISTANCE
##### 2016 Summary Statement and Initiatives
###### (Dollars in Thousands)

<table>
<thead>
<tr>
<th>PROJECT-BASED RENTAL ASSISTANCE</th>
<th>Enacted/ Request</th>
<th>Carryover</th>
<th>Supplemental/ Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Outlays</th>
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<tbody>
<tr>
<td>2014 Appropriation ...............</td>
<td>$9,918,014</td>
<td>$303,021</td>
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<td>$10,221,035b</td>
<td>$9,869,642</td>
<td>$9,824,000</td>
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<td>10,906,000d</td>
<td>10,964,000</td>
<td>10,775,000</td>
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<td>Program Improvements/Offsets .....</td>
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<td>-205,393</td>
<td></td>
<td>+824,607</td>
<td>+964,607</td>
<td>+497,000</td>
</tr>
</tbody>
</table>

a/ Carryover includes $259 million in unobligated funds, and $44 million from recaptures realized in fiscal year 2014, and a $295 thousand prior-year adjustment.
b/ Resources and obligations include $1.4 million transfer from the Public Housing Fund and Capital Fund for the Rental Assistance Demonstration (RAD).
c/ Resources and obligations exclude $25 million in spending authority from anticipated offsetting collections and an estimated $39 million transfer from the Public Housing Fund and Capital Fund for Rental Assistance Demonstration (RAD), and $115 thousand in RAD carryover. When the additional resources are added, Total Resources will be $10.146 billion.
d/ Resources and obligations exclude $15 million in spending authority from anticipated offsetting collections and an estimated $63 million transfer from the Public Housing Fund and Capital Fund for the Rental Assistance Demonstration (RAD). When the additional resources are added, estimated Total Resources and fiscal year 2016 obligations will be $10.964 billion. This number includes an estimated transfer to the Transformation Initiative (TI) account that may be up to 0.5 percent or $20 million, whichever is less, of Budget Authority.

1. **What is this request?**

The Department requests a total of $10.760 billion to meet Section 8 Project-Based Rental Assistance (PBRA) program needs for fiscal year 2016. This includes $9.965 billion for renewals and $580 million for amendments, as well as $215 million for Performance-Based Contract Administration. The total requested funding level for fiscal year 2016 is a $1.030 billion increase over the fiscal year 2015 enacted level of $9.730 billion. The enacted funding level for fiscal year 2015 reflects one-time savings on contracts that require less than 12 months of funding as they transition to a calendar year funding cycle. The requested increase for fiscal year 2016 returns the PBRA account to the baseline level required for annual ongoing 12-month (calendar year) funding of contracts under the account, consistent with current practice in the Housing Choice Voucher and Public Housing programs. The funding requested allows the renewal or amendment of several types of rental assistance contracts, including: Housing (Project-Based Section 8 contracts), Public and Indian Housing (Moderate Rehabilitation contracts), and Community Planning and Development (Single Room Occupancy contracts), and Senior Preservation Rental Assistance Contracts.
Project-Based Rental Assistance

The Department's fiscal year 2016 request for Performance-Based Contract Administration (PBCA) funding, coupled with anticipated carryover and recaptures, will allow HUD to extend current PBCA contracts as necessary during fiscal year 2016, and also potentially execute new, awards during fiscal year 2016. HUD's fiscal year 2016 request of $215 million is based on estimated annual funding for the program under new cost-saving PBCA agreements.

Contract Renewals and Amendments - $10.545 billion

The Department's fiscal year 2016 request provides for the first complete year of funding under the new calendar year methodology, and represents the baseline level for 12-month funding of contracts. HUD requested and received a fiscal year 2015 funding level that reflects one-time savings resulting from realigning contracts to a calendar year basis, while recognizing that a $1 billion increase would be needed in fiscal year 2016 if HUD requested 12 months of funding for all contracts under the new calendar year model. Thus, the increase in requested funding does not reflect a $1 billion increase in the underlying cost of the program; rather it is a return to the baseline need (plus annual inflation) for PBRA after achieving significant one-time savings in fiscal year 2015. Specifically, in fiscal year 2015 HUD is providing funding for calendar year 2015 (January through December) for all multiyear contracts in the middle of their contract terms, representing the vast majority of the portfolio. For contracts whose terms expire during fiscal year 2015 and a new multiyear contract is executed, HUD is placing 12 months of funding on such contracts at the time of renewal. While this means some of those contracts would receive funding beyond calendar year 2015, in the subsequent funding cycle (fiscal year 2016) they would be funded only through the calendar year in order to conform to the calendar year funding model. The Department’s request supports the continuation of this funding approach in fiscal year 2016.

HUD does not expect the calendar year funding methodology to have a significant impact on stakeholders, investors, or lenders because there will be no change in contract terms or duration in fiscal year 2016; rather, the Department will only shift the timing for funding of the contract, similar to past practice during periods covered by Continuing Resolution and during fiscal year 2013, post-sequestration. HUD believes that 12-month calendar year funding will increase the predictability of funding under the program, allowing owners to continue leveraging private debt and equity on advantageous terms, and reduce the risk of funding lapses at the beginning of a fiscal year.

The need for Section 8 Amendment funds results from insufficient funding provided to long-term project-based contracts executed primarily in the 1970’s and 1980’s. During those years, the Department provided contracts for terms of up to 40 years. Estimating funding needs over such a long period of time proved to be problematic, and as a result, many of these Section 8 contracts were inadequately funded. Older long-term contracts that have not reached their termination dates and have not entered the one-year renewal cycle must be provided amendment funds for the projects to remain financially and physically viable. The Department estimates that total Section 8 Amendment needs in fiscal year 2016 will be approximately $580 million.
Project-Based Rental Assistance

The following table shows the change in the number of units under contract, average monthly subsidy payment per unit and the average utilization rate by fiscal year.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Contract Units</th>
<th>Average Monthly Subsidy per Unit</th>
<th>Average Utilization</th>
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</thead>
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<tr>
<td>FY 2008</td>
<td>1,260,865</td>
<td>$587</td>
<td>93.7%</td>
</tr>
<tr>
<td>FY 2009</td>
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<tr>
<td>FY 2010</td>
<td>1,251,460</td>
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<td>94.7%</td>
</tr>
<tr>
<td>FY 2011</td>
<td>1,249,790</td>
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<td>94.9%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>1,243,562</td>
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<td>95.1%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>1,230,119</td>
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</tr>
<tr>
<td>FY 2014</td>
<td>1,220,664</td>
<td>$696</td>
<td>95.2%</td>
</tr>
</tbody>
</table>

This request includes renewal funds for Senior Preservation Rental Assistance Contracts (SPRACs). SPRACs are included this account because these contracts share many more similarities with Section 8 Housing Assistance Payments (HAP) contracts, including rent-setting and rent adjustment using the Operating Cost Adjustment Factor (OCAF), than they do with the Project Rental Assistance Contracts funded under the Housing for the Elderly account.

Contract Administration Support - $215 million

The Department proposes up to $215 million for Performance-Based Contract Administrators (PBCAs) in fiscal year 2015. These administrators are responsible for conducting on-site management reviews of assisted properties; adjusting contract rents; and reviewing, processing, and paying monthly vouchers submitted by owners. PBCAs are integral to the Department’s efforts to be more effective and efficient in the oversight and monitoring of this program. During 2013, the Department re-competed awards under the PBCA program; however, awards under this competition are currently stayed due to ongoing litigation. Obligation estimates for the program reflects the cost of extending current PBCA contracts for a portion of fiscal year 2016, as well as the possible execution of new contracts pending the outcome of ongoing PBCA litigation.

Cost Saving Measures

The funding request for fiscal year 2016 assumes cost savings from a legislative request related to tenant medical expense deductions. This request would increase the amount of income that must be spent on medical expenses from 3 percent of income to

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1 The average percentage of contract units that are occupied by families assisted with program support.
Project-Based Rental Assistance

10 percent before medical expenses can be deducted. If this change is not approved, the fiscal year 2016 appropriations requirement may increase.

Proposals in the Budget

This request includes several reforms and initiatives in the PBRA program, which are summarized at the end of this document. The Department also requests several reforms across HUD’s core rental assistance programs, which are described in the Housing Choice Voucher request. For example, the Department proposes to increase the amount of income that must be spent on medical expenses from 3 percent of income to 10 percent before medical expenses can be deducted. In addition, the Department proposes to make owners of PBRA properties eligible to compete for funding through the Family Self-Sufficiency (FSS) program; more information on this program is available in the FSS request.

Tenant Outreach Activities

The Department would like to build upon and complement the work being completed under the Interagency Agreement (IAA) with the Corporation for National and Community Services’ Americorps VISTA (Volunteers in Service to America) program by setting aside up to $3 million for preservation-related tenant advocacy and capacity building technical assistance from PBRA appropriations authority for “administrative and other expenses associated with project-based activities and assistance.” These funds would likely be competed through the Community Compass (formerly OneCPD) Notice of Funding Availability and would fund tenant groups, nonprofit groups, and public entities to support their efforts to preserve affordability and improve tenant services.

Rental Assistance Demonstration

The Department continues its Rental Assistance Demonstration (RAD) to test new preservation tools for the HUD-assisted housing stock. The PBRA request includes renewal funding for public housing properties that converted in 2013 and 2014. Public housing units converting in 2015 that will require renewal funds in 2016 are not reflected in this PBRA request; instead, HUD will budget for and use its statutory authority under the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55) to transfer amounts from the fiscal year 2016 Operating Fund and Capital Fund appropriations to the PBRA account. The budget estimates for those units include considerations like expected tenant contribution toward rent and vacancies. HUD anticipates the possibility that marginal, unforeseen changes to factors such as tenant income may have some impact, which HUD estimates to be small, on the ultimate cost of those units. In that event those marginal increases will be covered by funding in this account—and those actual marginal costs reported in subsequent fiscal years’ Justifications. Further, to the extent that Rent Supplement (RS) and Rental Assistance Payment (RAP) properties convert to PBRA under the 2nd component of RAD (under authority provided in the 2015 Appropriations Act) funding in this account may be used for the renewal of such contracts.
Project-Based Rental Assistance

2. What is this program?

The Project-Based Rental Assistance program provides rental assistance on behalf of eligible tenants residing in specific multifamily rental developments. Project-based rental assistance is provided through contracts between the Department and owners of multifamily rental housing. If a tenant moves, the assistance stays with the housing development (which is a major difference between this program and the Tenant-Based Rental Assistance program in which the subsidy moves with the tenant). The amount of rental assistance paid to the owner is the difference between what a household can afford (based on paying 30 percent of household income for rent) and the approved contract rent for the unit. This program serves approximately 1.2 million low-income and very low-income households that are primarily seniors, families with children, and persons with disabilities. Section 8 tenant data on household types is summarized here:


Eligible owners include for-profit or non-profit organizations, cooperatives, Limited Liability Corporations, Limited Partnerships or other types of joint ownership structures organized to develop and operate affordable rental housing. These properties are financed in a similar manner to market rate rental developments, using private financing, FHA financing, private equity, or equity raised from the sale of Low-Income Housing Tax Credits. Currently, the portfolio is leveraging close to $16 billion in FHA insurance and more than $17 billion in private financing and equity. The owner must provide affordable decent, safe and sanitary housing units to continue to receive project-based rental assistance.

The program’s portfolio of 17,300 contracts generally receives high standardized physical inspection scores, consistently receiving REAC scores of at least 85 (out of 100) on average over the last five to seven years. Many PBRA properties are located in strong rental markets that have been preserved through the Department’s successful Mark-Up-to-Market program and other preservation programs. The Mark-Up-to-Market Program adjusts rents to prevailing market conditions while maintaining affordability for low-income households. Such properties frequently provide the only affordable housing opportunities within these communities. Other PBRA properties located in less strong markets provide an important stabilizing influence to their communities, often acting as important footholds for additional housing and other commercial neighborhood investment.

The program set-aside of $215 million for PBCAs is an important tool to administer the program in an efficient manner. PBCAs provide direct oversight and monitoring of the program that carry out critical functions, including: (1) reducing payment errors; (2) ensuring that the physical condition of units is maintained; and (3) ensuring timely payment of rents to property owners.
3. Why is this program necessary and what will we get for the funds?

Addresses the need for quality affordable rental homes

The PBRA program is one of three major federal rental assistance programs for providing low-income families with decent, safe and affordable housing. The program currently provides affordable housing for over 1.2 million families, many of whom are vulnerable populations: 47 percent of assisted households are headed by elderly persons, 33 percent by persons with disabilities, and 26 percent by females with children. The program supports a stock of affordable housing and maintains and protects the long-term historic federal investment in these assets, which would be costly to recreate.

Reduces the number of families with severe housing needs and reduces or prevents homelessness

Worst Case Housing Needs 2013 (forthcoming) shows that 7.7 million renter households had worst case housing needs in 2013, up over 30 percent since 2007. Worst case needs are defined as renters with very low-incomes (below half the median in their areas) who do not receive government housing assistance and who either paid more than 50 percent of their monthly incomes in rent, lived in substandard conditions, or both. Housing needs cut across all regions of the country and included all racial and ethnic groups, regardless of whether they lived in cities, suburbs, or rural areas.

Large numbers of worst case needs are found among various household types served by PBRA, including families with children, senior citizens, and persons with disabilities. PBRA funding directly reduces worst case housing needs. Without assistance, housing costs would effectively diminish the already limited incomes of these families, even for necessities such as utilities, food, health care, child care, education and transportation costs. Many would be placed at risk of homelessness.

Preserves the affordability and condition of privately owned rental housing

PBRA supports a stock of long-term affordable rental housing for the lowest-income American families. This is increasingly important, as the private stock of rental housing that is affordable to the lowest income families has actually been shrinking. HUD’s estimates in Worst Case Housing Needs 2013 (forthcoming) reveal that only 65 affordable units are available nationwide per 100 very low-income renters, and 39 units per 100 extremely low-income renters. Without project-based rental assistance, the gap in affordable and available rental housing would worsen further to as few as 59 units per 100 very low-income renters and 31 units per 100 extremely low-income renters.

Without this assistance, many projects would either convert to market with potentially large rent increases that the current families would not be able to afford, or alternatively would not be able to generate sufficient rental income to continue to be maintained in
Project-Based Rental Assistance

good condition. In addition, without ongoing rental income, some projects may be unable to continue payments on existing debt, including mortgages insured by FHA, or mortgages backed by bonds issued by state housing finance agencies.

Expands choices of affordable rental homes located in a broad range of communities

The preservation of affordable units assures that units will continue to become available in a wide range of housing markets throughout the nation as vacancies occur. Many projects are located in good neighborhoods, where low-income families would otherwise be unable to find affordable housing, while other projects serve as anchors providing well-maintained properties in areas that might experience downward investment. Many projects also provide badly needed affordable housing in rural areas, as some projects were developed with financing through the USDA Rural Housing Service’s Section 515 Multifamily program.

PBRA’s spillover benefits to local communities and economies

Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to local economic bases. PBRA housing provides employment, increases buying power of assisted tenants to support local businesses, and increases local tax bases. The PBRA program, through its 17,300 contracts with owner landlords, directly contributes to job creation and retention in the fields of property management, maintenance, administration, general construction, contract vendors such as landscapers, exterminators, security guards, snow removers, equipment servicers, legal representation and property insurance providers.

In addition to local revenue generation and job retention associated with ongoing project operation, the PBRA program is also a redevelopment and preservation tool for private owners of low-income multifamily rental housing. PBRA contracts act as a critical credit enhancement for project financing, allowing owners to leverage private debt and equity to permit project refinancing and recapitalization. Such transactions require owners to hire architects, surveyors, construction contractors as well the professional services of consultants and attorneys to complete the work. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements. If funding for the PBRA program is not provided, the value of this underlying debt to both FHA and private lenders as well as existing equity in the physical structures could be severely eroded, contributing to significant loss of privately held wealth and community investment.

4. How do we know this program works?

PBRA has maintained a stock of long-term affordable rental housing for the lowest-income American families while a long-term affordable housing shortage was growing increasingly severe. The number of very low-income renters increased by 18 percent between 2003 and 2013 (from 15.7 to 18.5 million households) while the number of affordable units for these renters decreased by 10 percent (from 20.0 to 18.0 million units). In the face of this affordable rental crisis, PBRA continues to account for over 6 percent of the nation’s affordable housing stock for very low-income renters.
### Project-Based Rental Assistance

#### Project Based Section 8 Tenant Characteristics

<table>
<thead>
<tr>
<th>Who Does PB Section 8 Serve?</th>
<th>The Project Based Section 8 program serves 2.11 million Americans and <strong>1.2 million households</strong>.</th>
</tr>
</thead>
</table>

#### Who are PB Section 8 Tenants?  
The PB program serves a diverse demographic mix. 56% of residents are in a minority group.

<table>
<thead>
<tr>
<th>White, non-Hispanic</th>
<th>Black</th>
<th>Hispanic</th>
<th>Asian/P.I.</th>
<th>Nat. American</th>
</tr>
</thead>
<tbody>
<tr>
<td>47%</td>
<td>35%</td>
<td>15%</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

#### Percentage Age of Head of Household

- % 85 or older: 7%
- % 65 or older: 15%
- % 51 to 61: 31%
- % 25 to 50: 8%
- % 24 or younger: 47%

#### Share of Rent from HUD and Assisted Households

The average household contribution to rent (includes utilities) **per month is $264**. HUD contributes an average of **$676 per month** (operating subsidy).

#### Income Levels of Assisted Households

Tenants make an average gross income of **$11,639**.

<table>
<thead>
<tr>
<th>Distribution of PB Section 8 Household’s Income %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $20,000 per year</td>
</tr>
<tr>
<td>More than $20,000 per year</td>
</tr>
</tbody>
</table>

The average household income was **22%** of the local area median income.

#### Household Incomes Compared to their Local Area Median Income*

- Extremely Low Income (Less than 30% AMI): **76%**
- Very Low Income (30% to 50% AMI): **19%**
- Low Income (50% to 80% AMI): **5%**

Notes: HUD’s income limits are adjusted based on actual median incomes for the state and locality (metropolitan area).

*30 percent of AMI is approximately $19,170 per year for a 4-person household, (national estimate - adjusted based on actual state and local incomes) and $13,420 for a single person. Note, that the US national poverty guideline for 2014 was set at $23,850 for a 4-person household (the guidelines are not adjusted locally, but provide a single limit for the 48 contiguous states and DC).
Project-Based Rental Assistance

Multifamily for Tomorrow Initiative

During fiscal year 2016, the Office of Multifamily Housing will complete the business improvements facilitated by the business re-engineering initiative called Multifamily for Tomorrow. This initiative improved performance efficiencies in our oversight and monitoring of projects assisted by Section 8 Project-Based Rental Assistance. Multifamily for Tomorrow has refocused monitoring of the assisted portfolio to ensure the performance of critical functions essential to the effective management of the portfolio. The initiative introduced streamlined oversight tasks for projects that are identified as low risk, high performers and identified opportunities for elimination of tasks that are redundant, unnecessary or do not contribute to ensuring quality performance of the Section 8 Project-Based portfolio.

As part of Multifamily for Tomorrow, staff has rated all Multifamily assets, including assets assisted with PBRA, in order to prioritize by risk and allocate the most staff resources to the riskiest assets. Assets are rated troubled, potentially troubled, or not troubled. Staff in the Office of Asset Management and Portfolio Oversight are asked to prioritize time and energy spent on the riskiest troubled assets and allocate less time to low-risk assets. We expect that the process improvements introduced and institutionalized as part of the Multifamily for Tomorrow will position the Office of Multifamily Housing to effectively administer the Section 8 program at current staffing levels, and that the enhancements to business processes introduced by the initiative would allow for continued effective program administration at FTE levels below our current level.

The Multifamily for Tomorrow initiative builds on the success of portfolio rating by moving to an Account Executive Model. The Account Executive Model has shifted the previous Project Manager focus to managing potentially troubled (managed by Senior Account Executives) and not troubled (managed by Account Executives) assets, including those with PBRA assistance. The Account Executive Model will include an Asset Resolution Specialist position that will focus a specialized skill set and knowledge base on troubled assets (including PBRA-assisted assets). This increased focus will allow Multifamily experts to better manage risk in the PBRA programs and mitigate risk to the Department’s insurance fund and mission, while Account Executives manage low-risk assets.

Monitoring and Oversight

The Office of Asset Management and Portfolio Oversight utilizes all available tools to ensure owners receiving federal project-based rental assistance are maintaining and providing quality affordable housing and accomplishing the mission of the Department. The tools include: risk-based multifamily portfolio management, oversight of physical inspections and financial reporting for all properties, litigation for landlord and/or property management violations and tenant relocation, and the continued innovation of technology, policies, and procedures to ensure the Department’s multifamily portfolio is providing safe and quality affordable housing and prevent owner abuse of federal subsidy.
Project-Based Rental Assistance

As described above, Multifamily for Tomorrow initiated a shift to risk-based portfolio management and provided the necessary training to help Department staff manage the Multifamily portfolio by risk. Account Executives rate all assets in their portfolios and respond accordingly based on risk level. Account Executives must identify and implement an Action Plan corresponding to the issues at a given asset for all assets rated Troubled and Potentially Troubled. Multifamily Headquarters conducts monthly calls with Account Executives and field office management to discuss resolution strategies and to reinforce the rating process. The Department holds quarterly calls with top Loan Servicers to discuss problem properties/owners and triangulate with internal information to ensure troubled properties are monitored holistically and discuss potential resolution strategies. This multi-faceted risk-based approach is indicative of the Department’s exhaustive efforts to ensure HUD’s project-based rental assistance supports Owners/Management Agents providing quality affordable housing.

Multifamily Housing also protects its PBRA investments with the assistance of the Real Estate Assessment Center (REAC) and the Departmental Enforcement Center (DEC). REAC monitors both the physical and financial condition of the assets to identify and address physical and financial issues immediately. If a property receives a physical inspection score below 30, it is automatically referred to the Departmental Enforcement Center (DEC) and the Owner is flagged in the Active Partners Performance System (APPS).

The Department has mandated the use of the Enterprise Income Verification (EIV) system by all Multifamily Housing Owners and Management Agents to verify annual income and benefit information in making rental housing subsidy determinations. The EIV system increases the efficiency and accuracy of income and rent determinations, reduces incidents of underreported and unreported household income, removes the barriers to verifying tenant-reported income, and addresses material weaknesses in an owners’ reexamination process and program operations. The EIV system also assures that more eligible families are able to participate in the program, reduces improper payments, and ensures that the right people receive the right amount of assistance at the right time. Contract Administrators are required to use the EIV system in the performance of Management and Occupancy Reviews, the purpose of which is to identify and reduce errors in the administration of HUD rental assistance programs, thereby reducing the number and amount of improper payments of HUD subsidies. The Department continually improves and makes modifications to the EIV system and occupancy requirements to ensure tenants receive the proper benefits and maintain accurate reporting.

Integrated Budget Forecasting Model (iBFM)

In fiscal year 2015, systems changes have been fully effectuated within the Integrated Budget Forecasting Model (iBFM) which will enable the transition of Section 8 Project Based Rental Assistance (PBRA) program needs to a calendar year (CY) funding cycle. New modifications to the Transaction Funding and PBRA Forecasting modules within iBFM provide HUD staff the ability to specify different funding durations for contracts with different “renewal cycle anniversary” or shortfalls months, and will aggregate funding amounts to coincide with the calendar Year funding model.
Project-Based Rental Assistance

The new iBFM functionality will allow HUD to accurately and efficiently manage the budgetary aspects of the PBRA program, via three significant enhancements:

1) Refined, more precise iBFM calculations relative to calendar year funding (or potential “short funding” scenarios). This includes expanding and enhancing user input parameters to enable iBFM to calculate, forecast, and report budget authority needs for partial months and for various subsets of Project Based Rental Assistance (PBRA) contracts.

2) Added predictability for the number, and type, of out-year contract expirations that are likely to renew for only one year.

3) Forecasting and funding functionality for each contract, by month, for the unique renewal cycle month or anniversary date.

5. Proposals in the Budget

- **Pay for Success.** The Department proposes a general provision that would establish a Pay for Success demonstration that allows the Department to enter multi-year agreements to repay private investors who provide upfront funding for energy efficiency retrofits of HUD-assisted housing. (Sec. 230)

- **Other Preservation Strategies.** The Department proposes a general provision that would facilitate the refinance and recapitalization of projects that have use agreements imposed by the Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA). This proposal will align owner distribution and prepayment policies in LIHPRHA-governed properties with other PBRA-assisted properties in order to facilitate preservation transactions. (Sec. 231)
### Project-Based Rental Assistance

#### HOUSING

**PROJECT-BASED RENTAL ASSISTANCE**

**Summary of Resources by Program**

(Dollars in Thousands)

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<td>Contract Renewals and Amendments ..............</td>
<td>$9,651,628</td>
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<td>$9,875,224</td>
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<td>Tenant Resources</td>
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<td>Vouchers for Disaster</td>
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<td>...</td>
<td>...</td>
<td>...</td>
<td>[20,000]</td>
</tr>
<tr>
<td>Total ............................................</td>
<td>9,918,014</td>
<td>303,021</td>
<td>10,221,035</td>
<td>9,869,642</td>
<td>9,730,000</td>
<td>351,393</td>
<td>10,081,393</td>
<td>10,760,000</td>
</tr>
</tbody>
</table>

Note: Total resources for fiscal year 2014 Contract and Renewals include $44 million from recaptures realized in 2014, and a $295 thousand prior-year adjustment. It includes $1.386 million transferred from the Public Housing Fund and Capital Fund for the Rental Assistance Demonstration (RAD). Of the Renewal and Amendment carryover, $44.8 million is for Moderate Rehabilitation units, and $12.9 million is for Single Room Occupancy units.

Fiscal year 2015 Resources and obligations exclude $15 million in spending authority from anticipated offsetting collections and an estimated $63 million transfer from the Public Housing Fund and Capital Fund for the Rental Assistance Demonstration (RAD). When the additional resources are added, estimated Total Resources and FY 2016 obligations will be $10.964 billion. This number does not reflect an estimated transfer to the Transformation Initiative (TI) account that may be up to 0.5 percent or $20 million, whichever is less, of Budget Authority.
The fiscal year 2016 President’s Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and 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, $10,360,000,000, to remain available until September 30, 2018, shall be available on October 1, 2014, and $400,000,000, to remain available until September 30, 2019, shall be available on October 1, 2015 (in addition to the $400,000,000 previously appropriated under this heading that became available October 1, 2014), and $400,000,000, to remain available until September 30, 2016: 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 senior preservation rental assistance contracts, as authorized by section 811 (e) of the American Housing and Economic Opportunity Act of 2000, as amended (12 U.S.C. 1701q note), 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 paragraph: Provided further, That of the total amounts provided under this heading, not to exceed $215,000,000 shall be available for grants or cooperative agreements under such terms and procedures as determined by the Secretary and in accordance with section 204 of this title 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 of Housing and Urban Development may also use such amounts in the previous 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,
Project-Based Rental Assistance

notwithstanding the purposes for which such amounts were appropriated: Provided further, That, notwithstanding any other provision of law, upon the request of the Secretary of Housing and Urban Development, 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 HUD 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 previous proviso shall be available in addition to the amount otherwise provided by this heading for uses authorized under this heading. (Department of Housing and Urban Development Appropriations Act, 2015.)