



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
AFFORDABLE HOUSING RENTAL ASSISTANCE

In Fiscal Year 2013, HUD is requesting \$34.36 billion to provide affordable rental housing for low-income families across the country.

In an era when more than one-third of all American families rent their homes and 7.10 million of these families spend more than 50 percent of their income on rent¹, it remains more important than ever to provide a sufficient supply of affordable rental homes for low-income families. In many communities, affordable rental housing does not exist without public support. Each year, HUD spends the lion's share of its budget maintaining and improving crucial public housing resources, and helping families find affordable housing in private markets. Together with federal, state, and private partners, HUD is working to keep rents affordable for all families nationwide.

PROJECT-BASED RENTAL ASSISTANCE

HUD's Project Based Rental Assistance (PBRA) program provides rental assistance funding to privately-owned multifamily rental housing projects. Eligible private owners include for-profit and non-profit organizations, cooperatives, Limited Liability Corporations, Limited Partnerships and other types of joint ownership structures. The amount of PBRA funding paid to each owner is the difference between what a household can afford (up to 30% of income) and the approved rent for an affordable housing unit in a multifamily rental housing project. These properties are financed in the same manner as entirely market rate rental developments; utilizing private financing and equity or FHA insurance. **In Fiscal Year 2013, HUD is requesting a total \$8.7 billion in funding for PBRA programs**, which includes:

- \$8.44 billion for the renewal and amendment of existing PBRA contracts
- \$260 million for Project-Based Contract Administrators to effectively administer the PBRA program

The FY2013 funding level is \$640 million below the FY2012 enacted, which represents a one-time reduction generated by providing less than 12 months of funding upfront on many PBRA contracts that straddle fiscal years. This change will not reduce or delay payments to landlords nor impact the number of families served by the program. With this funding, HUD expects to serve approximately 1.2 million low-income families, many of whom would face worst case housing or homelessness without such assistance. In addition, communities benefit from projects receiving this funding, as owners must hire and maintain local property management firms, maintenance



workers, and other construction/rehabilitation firms to ensure that the project provides decent, safe and sanitary housing for residents, as well as professional legal, security, and insurance services. Taken together, PBRA supports over 100,000 jobs either directly or indirectly, nationwide. PBRA also serves as both a redevelopment and preservation tool for private multifamily rental housing owners, creating a credit enhancement for the financing of the project, and in turn allowing owners to refinance, redevelop and preserve their assets.

TENANT-BASED RENTAL ASSISTANCE

HUD's Section 8 Tenant-Based Rental Assistance (TBRA), also called the Housing Choice Voucher program, is the nation's largest and preeminent rental assistance program for low-income families. For over 35 years it has served as a cost-effective means for delivering safe and affordable housing in the private market. **In Fiscal Year 2013, HUD is requesting \$19.07 billion for TBRA programs.** With this request, HUD expects to assist over 2.2 million families by renewing existing vouchers and issuing new incremental vouchers to homeless veterans, victims of natural disasters and other vulnerable families. Moreover, this request will support over 191,000 jobs either directly or indirectly.



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HUD's top priority for the TBRA program is to maximize resources available to provide assistance to the neediest of our nation's citizens, including elderly, homeless, disabled persons, veterans and at-risk youth. HUD will also continue the initiative it launched in 2010 to develop tools and technology solutions for local housing agencies that improves the administration and utilization of vouchers. The TBRA request includes:

- *\$17.24 billion for the renewal of existing Section 8 vouchers*, providing affordable housing for over 2.2 million families in need, including the renewal of special purpose vouchers funded in previous years
- *\$1.575 billion for administrative fees* associated with operating TBRA, HUD's largest program
- *\$111 million for Mainstream Section 811 vouchers* to enable persons with disabilities access to affordable, private housing of their choice, and accommodate the provision of supportive services
- *\$75 million in Tenant Protection vouchers*, which are provided to residents when public housing is demolished or sold or when projects assisted by Multifamily Housing programs stop receiving federal subsidies.
- *\$75 million in Veterans Affairs Supportive Housing (HUD-VASH)* to develop targeted approaches to serve the most vulnerable homeless populations.

PUBLIC HOUSING

On its own, the nation's housing market has not developed sufficient housing for America's poorest families. Affordable private rental housing is in particularly short supply, a situation that has been exacerbated by shrinking incomes across the nation. HUD's public housing stock has proved to be a valuable asset for addressing this shortage, especially as over half of the program's 1.1 million families have an elderly or disabled head of household. HUD's public housing program provides funds to locally-controlled housing authorities to supplement tenant rents, maintain the buildings and manage the programs. **In Fiscal Year 2013, HUD is requesting a total of \$6.59 billion to operate public housing and modernize its aging physical assets**, a level that will support over 88,500 jobs directly and indirectly. Specifically, this request includes:

- *\$4.524 billion in Public Housing Operating Funds*, will fund over 3,100 PHAs to operate and manage approximately 1.2 million units of publicly owned affordable rental housing units throughout the country.
- *\$2.07 billion in Public Housing Capital Funds*, primarily to address capital repair and replacement needs.

Rental Assistance Demonstration

To "preserve and improve public housing and certain other multifamily housing program," HUD's 2012 Appropriations Act provided HUD the authority to begin the Rental Assistance Demonstration (RAD). At a critical juncture, when the country is losing thousands of affordable units each year because federal grants are insufficient to sustain these assets, RAD allows PHAs and other owners to leverage current Federal appropriations with private and public capital to finance much needed rehabilitation and preserve and improve affordable housing:

Under RAD, PHAs and Owners can convert the assistance of at-risk properties to long-term Section 8 contracts, which for years have provided a stable and reliable funding stream and a proven tool to access private and public sources of financing.

- For **public housing**, strained by a capital backlog recently estimated at \$26 billion, RAD allows access to debt and equity resources that other forms of affordable housing routinely and safely leverage.
- RAD provides **Section 8 Moderate Rehabilitation** (Mod Rehab) owners with an option to sign long-term contracts in order to support recapitalization and improvement.
- RAD allows projects with expiring **Rent Supplement** (Rent Supp) and **Rental Assistance Payment** (RAP) contracts, which otherwise have no ability to receive ongoing rental assistance, with an option to ensure long-term affordability to residents through new Section 8 contracts.

For more information, visit: www.hud.gov/RAD

ⁱ "Worst Case Housing Needs 2009: Report to Congress" http://www.huduser.org/portal/publications/affhsg/wc_HsgNeeds09.html. HUD defines "worst case housing needs" as very low-income renters who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions, or both.