

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
2020 Summary of Resources**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2018 Appropriation	22,015,000	489,858 ^a	-	22,504,858	21,697,555	21,383,983
2019 Annualized CR	22,015,000	884,472 ^b	-	22,899,472	22,893,472	22,318,000
2020 Request	22,243,500	94,782 ^c	(5,782) ^d	22,332,500	22,332,500	22,354,000
Change from 2019	228,500	(789,690)	(5,782)	(566,972)	(560,972)	36,000

a/ Includes \$3.9 million in recaptured funds and \$116.5 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

b/ Includes an estimated \$77 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

c/ Includes an estimated \$89 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

d/ Includes a rescission of \$5.8 million in recovered funds originally awarded for the Disaster Housing Assistance Program under P.L. 110-329. These funds are designated as “emergency” funds for the budget caps under BBEDCA, Title II of P.L. 99-177, and does not offset the request.

1. Program Purpose and Budget Overview

The 2020 President’s Budget request for the Section 8 Housing Choice Voucher (HCV) program is \$22.244 billion, which is \$229 million more than the 2019 Annualized Continuing Resolution (CR) level. As described further below, the funding request reflects a set of policies that reduce the cost burdens in the program while maintaining assistance payments to the current number of households served. With implementation of these cost-saving policies, the requested funding level will provide approximately 2.3 million low-income families in 2020 with decent, safe, and sanitary housing. Furthermore, the 2020 Budget will subsidize the approximately 700,000 landlords and property owners who participate in the HCV program by providing a fair market rent in order to adequately meet mortgage payments, local tax obligations, utility expenses, and maintain properties in good physical condition.

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The HCV program is authorized under Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) and is administered locally by approximately 2,200 public housing agencies (PHAs). Overall, the HCV program seeks to:

- Provide greater access to housing choice and better housing opportunities for very low- and extremely low-income families;
- Reduce the number of chronically homeless individuals, families, and veterans; and
- Maximize the federal investment and the number of families assisted through HUD's rental housing assistance programs through comprehensive monitoring of voucher utilization.

2. Request

The HCV program is the federal government's largest program targeted to assist very low-income families, the elderly, and persons with disabilities with affordable, decent, safe, and sanitary housing in the private market. The program serves the most economically vulnerable families in the country, including families with disabilities, elderly families, formerly homeless veterans, and families with children, through federal assistance voucher payments in the provision of meeting their rental housing needs.

HUD's *Worst Case Housing Needs: 2017 Report to Congress*¹ reveals that among very low-income renter households that lacked assistance, 8.3 million had worst case housing needs resulting from severe rent burden (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units. Many families assisted by the HCV program formerly experienced worst-case housing needs and, without the benefit of this program, would be at immediate risk of homelessness.

Requested funding levels and brief descriptions for each of the major funding components of the HCV program include:

Contract Renewals - \$20.116 billion

The 2020 Budget provides funding to renew expiring HCV program Housing Assistance Payments (HAP) funding increments on a calendar-year basis. Contract renewals include funding for special purpose vouchers (SPVs), which PHAs must reissue only to qualifying participants upon turnover, either from their waiting lists or referrals. Some of these programs are HUD-VASH (Veterans Affairs Supportive Housing), Non-Elderly Disabled, Tribal HUD-VASH, and the Family Unification Program. Contract renewals also include renewal funding for tenant protection

¹ HUD's *Worst Case Housing Needs: 2017 Report to Congress*, <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf>

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vouchers and up to \$4 million for renewal of rental assistance and associated administrative costs appropriated under the Tribal HUD-VASH demonstration program in prior Acts. The requested funding level assumes both program-specific savings policies and savings from proposed legislative reforms.

Administrative Fees - \$1.738 billion

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for over 2.3 million families.

Tenant Protection Vouchers - \$130 million

Tenant Protection Vouchers (TPV) are provided to families impacted by housing conversion actions beyond their control, such as public housing demolition or repositioning, and when private owners of multifamily developments choose to leave the project-based program or convert to long term Section 8 contracts. This funding reflects an anticipated increase in demolitions, dispositions, and streamlining voluntary conversions.

Section 811 Mainstream Renewals - \$259.5 million

Mainstream Renewals are contracts and administrative fees originally funded under the Section 811 Tenant-Based program. The Housing for Persons with Disabilities (Section 811) program provides tenant-based assistance for persons with disabilities to access affordable, private housing of their choice. The requested funding also includes administrative fees for the renewed vouchers.

3. Justification

The HCV program partners with local PHAs and landlords to provide housing to our nation's neediest citizens. Of the families currently receiving HCV assistance, over half are either elderly or have a disabled head of household, and 75 percent are extremely low-income with incomes at or below 30 percent of the area median income. Without rental assistance, these families would likely face a great risk of transitory homelessness, or be forced to forgo other life necessities, such as food, clothing, and medicine.

HCV assistance is primarily tenant-based assistance, which means the assistance is not permanently tied to a particular unit or project, but rather to an individual family. The family is responsible for finding a suitable rental unit with an owner who is willing to participate in the program. The PHA pays a monthly housing assistance payment directly to the owner on behalf of the family. That payment helps cover the affordability

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gap between what very low-income families can afford to pay for rent, and the actual rent charged. The HCV program relies on private sector partnerships to effectively and efficiently provide affordable housing opportunities in the local community instead of depending on direct government intervention to do so.

HUD works with numerous stakeholders in providing HCV assistance to families. In addition to PHAs and private owners, these include:

- Other federal agencies, such as the Department of Veterans Affairs;
- State and local entities, such as Public Child Welfare Agencies;
- Housing Industry Associations;
- Resident Groups; and
- Tribally Designated Entities (TDHEs) and Tribal governments.

The HCV program has proven to be effective at meeting the housing needs of our most vulnerable citizens compared to other approaches. For example, in October 2016, HUD published the results of the Family Options Study. Launched in 2008, the study's goal was to determine which housing and services interventions work best for families with children experiencing homelessness. Reports published in July 2015 and October 2016 presented evidence regarding the effects of giving families in emergency shelters priority access to housing choice vouchers, rapid re-housing, or project-based transitional housing. The study team followed the families for 3 years and measured outcomes in five domains of family well-being: (1) housing stability, (2) family preservation, (3) adult well-being, (4) child well-being, and (5) self-sufficiency. The study determined that the HCV program was the most effective intervention of the approaches tested. HCV intervention reduced most forms of residential instability by more than one half, reduced food insecurity, and improved multiple measures of adult and child well-being.

Other Activities

Landlord Participation Initiatives

Secretary Carson established HUD's Landlord Task Force in 2018 to hear directly from landlords on ways to increase their participation in the HCV program². The Landlord Task Force evolved from a recent growing body of research on landlord participation in the HCV Program, with

² Urban Landlords and the HCV Program: A Research Report <https://www.huduser.gov/portal/publications/UrbanLandlords.html>

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the goal of improving the HCV program so that more landlords are willing to accept voucher tenants. In 2018, the Task Force conducted a series of listening sessions with landlords throughout the country to gain a better understanding of what motivates landlords to participate in the HCV program and how HUD and PHAs could address some of the challenges to participation that landlords encounter. HUD will work with PHAs and landlords to assess the feasibility of the recommended changes and provide additional tools to landlords and PHAs to ensure that the HCV program is a viable option for landlords and mimics the private rental market to the greatest extent possible.

Cross-Cutting Rent Reform Proposal

The 2020 Budget funding levels across HUD rental assistance programs would support the same number of households currently assisted, while proposing the following reforms to ensuring the long-term fiscal sustainability of rental assistance.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration:* The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.
2. *Reduce federal taxpayer costs by encouraging work and stable family formation:* HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe-harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.

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3. *Increase local control and choice:* MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the Nation. These alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

In addition, the 2020 Budget proposes uniform work requirements for households able to work. Consistent with Administration policy, the requirement would allow for work-seeking and preparation activities and would exempt the elderly, persons with disabilities, those caring for a family member with a disability or small child, and pregnant women. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

Please see the “Overview of Rental Assistance Programs” justification for more information.

General Provisions

The 2020 Budget includes a General Provision related to TBRA (Sec. 226). This provision is described further in “Fiscal Year 2020 General Provisions”.

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**PUBLIC AND INDIAN HOUSING
TENANT-BASED RENTAL ASSISTANCE
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
Contract Renewals	19,600,000	48,236	19,648,236	19,480,916	19,600,000	97,489	19,697,489	20,115,541
Administrative Fees	1,760,000	103,250	1,863,250	1,741,107	1,760,000	192,144	1,952,144	1,738,459
Section 8 Rental Assistance	85,000	132,634	217,634	78,798	85,000	138,836	223,836	130,000
Veterans Affairs Supportive Housing (VASH) Program	40,000	43,834	83,834	78,467	40,000	5,366	45,366	-
Tribal HUD-Vash	5,000	7,000	12,000	3,765	5,000	8,235	13,235	-
Section 811 Mainstream Renewals	505,000	18,961	523,961	214,315	505,000	309,646	814,646	259,500
Rental Assistance Demonstration	-	120,135	120,135	100,187	-	96,948	96,948	-
Family Unification Program (FUP)	20,000	10,000	30,000	-	20,000	30,000	50,000	-
Disaster Displacement	-	5,782	5,782	-	-	5,782	5,782	-
FSS Coordinators	-	26	26	-	-	26	26	-
Total	22,015,000	489,858	22,504,858	21,697,555	22,015,000	884,472	22,899,472	22,243,500

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TENANT-BASED RENTAL ASSISTANCE
Appropriations Language**

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

For activities and assistance for the provision of tenant-based rental assistance authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) ("the Act" herein), not otherwise provided for, \$18,243,500,000, to remain available until September 30, 2022, shall be available on October 1, 2019 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2019), and \$4,000,000,000, to remain available until September 30, 2023, shall be available on October 1, 2020: Provided, That the amounts made available under this heading are provided as follows:

(1) \$20,115,540,800 shall be available for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers: Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2020 funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the Federal Register, and by making any necessary adjustments for the costs associated with the first-time renewal of vouchers under this paragraph including tenant protection and Choice Neighborhoods vouchers: Provided further, That the Secretary shall, to the extent necessary to stay within the amount specified under this paragraph (except as otherwise modified under this paragraph), prorate each public housing agency's allocation otherwise established pursuant to this paragraph: Provided further, That except as provided in the following provisos, the entire amount specified under this paragraph (except as otherwise modified under this paragraph) shall be obligated to the public housing agencies based on the allocation and pro rata method described above, and the Secretary shall notify public housing agencies of their annual budget by the latter of 60 days after enactment of this Act or March 1, 2020: Provided further, That the Secretary may extend the notification period with notification to the House and Senate Committees on Appropriations: Provided further, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements and in accordance with the requirements of the MTW program and shall be subject to the same pro rata adjustments under the previous provisos: Provided further, That the Secretary may offset public housing agencies' calendar year 2020 allocations based on the excess amounts of public housing agencies' net restricted assets accounts, including HUD held programmatic reserves (in accordance with VMS data in calendar year 2019 that is verifiable and complete), as determined by the Secretary: Provided further, That public housing agencies participating in the MTW demonstration shall

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also be subject to the offset, as determined by the Secretary, from the agencies' calendar year 2020 MTW funding allocation: Provided further, That the Secretary shall use any offset referred to in the previous two provisos throughout the calendar year to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the Secretary, and to avoid or reduce the proration of renewal funding allocations: Provided further, That the Secretary may utilize unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading from prior year appropriations (excluding special purpose vouchers), notwithstanding the purposes for which such amounts were appropriated, to avoid or reduce such prorations: Provided further, That up to \$100,000,000 shall be available only: (1) for adjustments in the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of vouchers resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act; (3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; (4) for public housing agencies that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding; and (5) for public housing agencies that have experienced increased costs or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.): Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary;

(2) \$130,000,000 shall be for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to section 18 of the Act, conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act, HOPE VI and Choice Neighborhood vouchers, mandatory and voluntary conversions, and tenant protection assistance in connection with the release of the Declaration of Trust from a public housing property, and tenant protection assistance including replacement and relocation assistance or for project-based assistance to prevent the displacement of unassisted elderly tenants currently residing in section 202 properties financed between 1959 and 1974 that are refinanced pursuant to Public Law 106–569, as amended, or under the authority as provided under this Act: Provided, That when a public housing development is submitted for demolition or disposition under section 18 of the Act, the Secretary may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents: Provided further, That the Secretary may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, subject only to the availability of funds: Provided further, That any tenant protection voucher made available from amounts under this paragraph shall not be reissued by any public housing agency, except the replacement vouchers as defined by the Secretary by notice, when the initial family that received any such voucher no longer receives such voucher, and the authority for any public housing agency to issue any such voucher shall cease to exist;

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(3) \$1,738,459,200 shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, of which up to \$20,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, including fees associated with section 8 tenant protection rental assistance, the administration of disaster related vouchers, HUD-VASH vouchers, and other special purpose incremental vouchers: Provided, That no less than \$1,718,459,200 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2020 funding cycle based on section 8(q) of the Act (and related Appropriation Act provisions) as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105–276): Provided further, That if the amounts made available under this paragraph are insufficient to pay the amounts determined under the previous proviso, the Secretary may decrease the amounts allocated to agencies by a uniform percentage applicable to all agencies receiving funding under this paragraph or may, to the extent necessary to provide full payment of amounts determined under the previous proviso, utilize unobligated balances, including recaptures and carryovers, remaining from funds appropriated to the Department of Housing and Urban Development under this heading in this Act and prior year Acts (excluding special purpose vouchers), notwithstanding the purposes for which such amounts were appropriated: Provided further, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements and in accordance with the requirements of the MTW program, and shall be subject to the same uniform percentage decrease as under the previous proviso: Provided further, That amounts provided under this paragraph shall be only for activities related to the provision of tenant-based rental assistance authorized under section 8, including related development activities;

(4) \$259,500,000 shall be for the renewal of tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), including necessary administrative expenses: Provided, That administrative and other expenses of public housing agencies in administering the special purpose vouchers in this paragraph shall be funded under the same terms and be subject to the same pro rata reduction as the percent decrease for administrative and other expenses to public housing agencies under paragraph (3) of this heading;

(5) Up to \$4,000,000 of the amounts provided under paragraph (1) under this heading shall be for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing (Tribal HUD-VASH) to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas: Provided, That such amount shall be made available for renewal grants to the recipients that received assistance under the rental assistance and supportive housing demonstration program for Native American veterans authorized under the heading "Tenant-Based Rental Assistance" in prior acts: Provided further, That the Secretary shall be authorized to specify criteria for such renewal grants, including data on the utilization of assistance reported by grant recipients under the demonstration program: Provided further, That funds shall be awarded based on need, and administrative capacity, as established by the Secretary in a Notice published in the Federal Register after coordination with the Secretary of Veterans Affairs: Provided further, That renewal grants under this paragraph shall be administered by block grant recipients in accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996: Provided further, That assistance under this paragraph shall be modeled after, with necessary and appropriate adjustments for Native American grant recipients and veterans, the rental assistance and supportive housing program known as

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HUD-VASH, including administration in conjunction with the Department of Veterans Affairs and overall implementation of section 8(o)(19) of the United States Housing Act of 1937: Provided further, That the Secretary of Housing and Urban Development may waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the use of funds made available under this paragraph (except requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waiver or alternative requirement is necessary for the effective delivery and administration of such assistance: Provided further, That grant recipients shall report to the Secretary on utilization of such rental assistance and other program data, as prescribed by the Secretary;

(6) the Secretary shall separately track all special purpose vouchers funded under this heading; and

(7) All unobligated balances from funds appropriated under the heading "Department of Housing and Urban Development—Public and Indian Housing—Tenant Based Rental Assistance" in the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110–329) are hereby permanently cancelled.

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.