

HUD FY2012 Budget: Senate and House Proposals – Summary

Prepared by Citizens' Housing and Planning Association

While the Budget Control requires a 5% cut in non-security discretionary spending compared to FY2011, current Senate and House proposals call for much deeper cuts to HUD programs. The Senate Appropriations Committee's FY2012 HUD budget proposal (**S.1596**), approved on September 21, would cut HUD's budget by 10% (\$4.1 billion), while the House Appropriations subcommittee bill released on September 7 would cut it by 7%. The lower Senate amount primarily reflects larger rescissions – direct funding for programs is actually slightly higher than the House provides.¹

- The two bills also differ significantly in funding levels for individual programs. The Senate bill provides more for tenant-based Section 8, public housing and Housing Counseling, but less for CDBG, HOME, S202 and S811. The Center on Budget and Policy Priorities estimates that the Senate proposal will leave 25,000 tenant-based vouchers renewals and the House 40,000.
- The Senate bill includes several policy items not in the House bill. It authorizes a “Rental Assistance Demonstration” (RAD) allowing the voluntary conversion of up to 60,000 public housing units to project-based rental assistance to help PHAs more easily finance capital improvements, though the workability of the language is unclear. It authorizes an estimated \$700 million+ in cost-saving administrative reforms to the Housing Choice Voucher program and provides some short-term preservation tools.

	Senate	House
TENANT BASED RENTAL ASSISTANCE (HCV)		
Renewals	<p>As requested by the President, provides \$17.144 billion for renewals (\$100M more than House).</p> <ul style="list-style-type: none"> • As requested by HUD to provide flexibility if FY2012 needs proved higher than estimated, authorizes HUD to reduce FY2012 PHA allocations by up to \$750M based on excess reserves (must leave PHAs with reserves of at least one month “to the extent practicable”). However, the bill then cancels out \$750M the use of reserves provides by rescinding \$750M from the FY2011 advance appropriation. • Because of new HUD estimates of renewal funding needs (up by \$225M), the Senate funding bill is estimated to leave 25,000 vouchers without renewal funding.² (The Committee report stated that it is still reviewing funding need estimates to protect all current voucher holders.) 	<p>Provides \$100 million less than the Senate, with no authority to use PHA excess reserves, but no rescission. CBPP estimates this leaves up to 40,000 renewal vouchers unfunded.²</p>
Disaster Vouchers	<p>The Senate bill also authorizes one-time incremental vouchers for households with current Disaster Voucher /Disaster Housing assistance.</p>	<p>no Disaster voucher provision</p>
Tenant Protection Vouchers	<p>Provides \$75 million – down from \$200M in FY2011. Unlike House, includes language and \$10M setaside to provide enhanced vouchers to residents losing HUD assistance in situations where existing law does not provide for enhanced vouchers. These include properties when assistance is lost due to:</p> <ul style="list-style-type: none"> • Maturation (rather than prepayment) of certain HUD-insured or HUD-held S236 or S221d3 or S202 loans; 	<p>Same total funding No provision for expiring use tenants not protected under current law</p>

¹ Douglas Rice, “[House and Senate Funding Bills Risk Loss of Rental Assistance for Thousands of Low-Income Families](#)”, Center on Budget and Policy Priorities, October 12, 2011, page 4.

² Ibid, page 2

³ “[Senate T-HUD Bill Includes Important Policy Provisions](#)”, Sept. 23, 2011, National Low Income Housing Coalition

	Senate	House
	<ul style="list-style-type: none"> • expiration of Rent Supp or RAP rental assistance; • expiration of affordability restrictions accompanying a HUD-administered mortgage or preservation program. <p>The bill requires HUD to issue guidance within 120 days of bill enactment, including defining eligible households. The National Low Income Housing Coalition reports that almost 13,000 units with subsidized mortgages will mature in 2012.³</p>	
VASH	\$75M for 11,000 incremental vouchers	Same
Homeless Demonstration	\$5m for demonstration grant program to encourage PHAs to partner with mainstream service programs (e.g. TANF, Medicaid, behavioral health, school liaisons) to prevent and alleviate homelessness. Does not fund new vouchers.	Not funded
Admin Fees	Provides \$1.4 million - down 3% from FY2011 – argues program reforms should reduce admin costs	Provides \$1.1 million, down 24% from FY2011. Includes \$50 million for PHAs needing fee adjustments.
Mainstream (S811 renewals)	Fully funds within S8 TBA account	Same; provides slightly more funding than Senate
PUBLIC HOUSING		
Rental Assistance Demonstration (RAD)	<p>Authorizes demonstration program to convert up to 60,000 public housing units to project-based Section 8 units. The authorization runs until Sept. 30, 2015.</p> <ul style="list-style-type: none"> • Provides no new funding and is limited to public housing (HUD requested \$200 million for a demonstration covering up to 225,000 public housing units, 6,000 Mod Rehab units and 1,600 Rent Supp and RAP units). Instead, directs HUD to use existing resources and fund increased Section 8 costs through reductions in public housing operating and capital funds directly related to the demonstration units. It is unclear if and how this would work (e.g. would funding for future Section 8 depend on future public housing funding levels) • Projects are to be chosen competitively and HUD must ensure awardees are diverse geographically and in portfolio size. Requires HUD to evaluate the effectiveness of the program as a method to recapitalize public housing. 	Not in
Capital Fund	<p>Provides \$1.875 billion - 8% less than in FY2011 but \$342 million more than House</p> <ul style="list-style-type: none"> • Includes \$50 million for ROSS 	<p>Provides \$1.532 billion - down 25% from FY2011</p> <ul style="list-style-type: none"> • No funding for ROSS
Operating Fund	Provides \$3.961 billion – 14% less than FY2011 but \$100M more than House.	Provides \$100 million less than Senate – 16% below FY2011
	<p>Like President's Request and House allows use of PHA operating fund reserves to offset cut but sets more limits:</p> <ul style="list-style-type: none"> • Caps total reserves to be used as offset at \$750M • Requires that all PHAs be allowed to maintain at least \$100,000 in reserves. • Requires HUD to set up process for PHAs to appeal their proposed offset. • Allows use of up to \$20M to help PHAs who 	<p>No specific limits on use of reserves; allows use of simple pro-rata reduction if insufficient reserves data available</p> <p>No discussion of use of operating reserves for capital costs</p>

	Senate	House
	<p>experience financial hardship due to reserves cut</p> <ul style="list-style-type: none"> • Requires HUD to report to Committee within 90 days of bill enactment on how it will determine excessive operating reserves and guidance it will give PHAs on using reserves for capital costs • requires HUD to give PHAs flexibility in using operating reserves for capital costs 	
Pro-Rata Reductions	Requires pro-rata reductions if reserve offsets are insufficient; including pro-rata cuts to MTW agencies “consistent with their peer groups”.	Same except no special language regarding MTW
Federalized units	No ban on assisting federalized units	Bans use of Operating Funds now or in future for former state or local units federalized after receiving ARRA funds
HOPE VI	Zero-funds (vs. 34M in FY2011)	same
Choice Neighborhoods Initiative	Provides \$120 million (up from \$65M in FY2011). Requires that at least \$80M be awarded to PHA-lead applications	\$0
CDBG Sustainable Communities	<p>Provides \$3.4 billion (including \$400M added in manager’s amendment for grants to disaster areas). Cuts formula block grants – excluding disaster funds - to \$2.85 billion (down 14.5% from FY2011). Does not change planning/admin cap.</p> <ul style="list-style-type: none"> • Includes \$90M setaside for Sustainable Communities (down 10% from FY2011) 	<p>Level funds at \$3.5 billion but increases formula grants by 4% (\$3.466B) from FY2011. Cuts current 20% cap on planning and admin to 10%.</p> <ul style="list-style-type: none"> • \$0 for Sustainable Communities
HOME	<p>Provides \$1 billion – down 38% from the FY2011 (\$1.607 billion). Adds new language to expedite project completions:</p> <ul style="list-style-type: none"> • Participating jurisdictions (PJs) must repay funds for any project not completed within 4 years of project funding commitment date (1 year extension allowed if delays beyond PJ’s control). • PJs can’t commit funds to a project unless it certifies that it has completed an underwriting review, assessed developer capacity and fiscal soundness, and assessed need for project based on neighborhood market conditions • HOME-assisted homeownership units not sold within 6 months of project completion must be rented to an eligible tenant. 	<p>Provides \$1.2 billion – a 25% cut from FY2011.</p> <p>No new language.</p>
Housing Counseling	Provides \$60 million – compared to \$0 in FY2011 and \$87.5 million in FY2010.	\$0
Homeless Assistance Grants	<p>Provides \$1.901 billion (same as in FY2011). Raises minimum setaside for Emergency Solutions Grants to \$286M (\$225M in FY2011).</p> <ul style="list-style-type: none"> • Allows funds to be used for Rural Housing Stability Assistance Program. 	Same total funding as Senate but keeps ESG minimum setaside at \$225M. Does not include Rural Housing Stability Assistance in eligible activities.
PROJECT BASED RENTAL ASSISTANCE		
Contract Renewals	Provides \$9.13 billion – up 1.7% from FY2011 but \$10 million less than House and Presidents’ request.	Provides \$9.14 billion.
Contract Administrators	Provides up to \$289 million	Same
Housing Certificate Fund (rescission)	Rescinds \$200 million (vs. \$0 in FY2011) otherwise usable for project-based renewals	No rescission

	Senate	House
Rental Housing Assistance	Provides \$1.3 million (down from \$40M in FY2011).for amendments, extensions or one-year renewal of Rent Supp and Section 236 contracts in state-aided non-insured projects. Argues carryover sufficient to meet all needs.	Provides \$15.7 million (same as requested by President)
Rent Supplement (Rescission)	Rescinds \$231.6 million, up from \$40.6 million rescinded in FY2011.	Rescinds \$6.6 million (same as requested by President).
Housing for the Elderly	Provides \$369.6 million, down 7% from FY2011 (\$399.6 million) , including: <ul style="list-style-type: none"> • \$259M for renewals and pipeline contracts. • \$0 for new capital advances • \$20M for assisted living conversion grants • \$91M for service programs 	Provides \$600 million, up 50% from FY2011. Includes: <ul style="list-style-type: none"> • \$25M for conversion grants • \$80M for service coordinators and congregate services
Housing for Persons with Disabilities (Sec. 811)	Level funds at \$150 million. <ul style="list-style-type: none"> • \$0 for capital assistance to build new units • Requires HUD to conduct demonstration program making project-based rental assistance (PRA) available to State housing finance agencies and other appropriate entities. The Technical Assistance Collaborative (TAC) estimates this level of funding could support up to 2,000 new units (compared to 800/year funded by the traditional capital advance program in recent years).⁴ 	Provides \$196 million, up 31% from FY2011. <ul style="list-style-type: none"> • no demonstration program requirement but TAC estimates the House funding level could create up to 3,000 new units using PRA
OTHER ADMINISTRATIVE PROVISIONS		
Transfer of Multifamily Project Based Assistance to Other Projects	§212 revises language authorizing transfer of multifamily assistance. Revisions: <ul style="list-style-type: none"> • allow transfers to be phased • add S811 to eligible project-based assistance • allow a reduction in units assisted (only for unoccupied units) when a reconfiguration of bedroom sizes in needed to meet current market demand and no increase in project-based S8 authority is required • allow HUD to waive requirement that any new financing be subordinate to any FHA lien transferred or placed onreceiving project, and • eliminate the requirement that transfer reduce financial risk to the FHA and/or not increase federal liability 	No revisions
Public housing demolition, revitalization	§222 extends authorization (42 USC 1437v) another (through FY2012), as is done annually.	House bill does not include extension
Section 202 Prepayments	Not in Senate bill	§227 Continues authorization and affordability requirements provided in FY2011 and earlier
Use of surplus federal properties to assist homeless	§229 continues FY2011 requirement that recipient homeless group meet certain standards regarding experience, track record, and financial capacity.	Not in
Moving to Work expansion	§234 allows up to three high-performing PHAs to be added. Limits to PHAs with no more than 10,000 vouchers and public housing units.	Not in

⁴ [“Update on Section 811 Appropriations for FY 2012”](#), Technical Assistance Collaborative, October 2012

	Senate	House
S8 HCV Admin Reforms	<p>§235 (second provision) revises several housing choice voucher statutory requirements that have been proposed under the Section 8 Savings Act (SESA).. Supporters estimate the changes will reduce federal costs by over \$700 million over 5 years, with the biggest savings coming from the change in the definition of extremely low income for the HCV program. Changes include:</p> <ul style="list-style-type: none"> • less frequent income recertification for families with fixed incomes (annual review not required if family certifies that 90% of income is fixed; must recertify at least every 3 years) • defining “extremely low income” as the <i>higher</i> of 30% of AMI or the federal poverty level for HCV, public housing, and PBA targeting • increases standard deduction for elderly disabled households from \$400 to \$675 • limits medical deduction to amount that exceeds 10% (vs. 3%) of annual income • allows more frequently adjustment of FMRs, eliminates current October 1 deadline • allows PHAs to continue payment standard for families in same units prior to an FMR reduction • lets PHAs set payment standard for persons with disabilities at up to 120% (rather than 110%) without prior HUD approval. 	Not in
Mark to Market extension	§235 (third provision) extends Mark to Market another four years (through Sept. 30, 2015).	Not in House