FEDERAL HOUSING ASSISTANCE

HOUSING ASSISTANCE PROGRAMS

The Federal Government has played a role in subsidizing housing construction and assisting homebuyers and renters since the 1930s. Today, Congress funds a number of programs to help meet the housing needs of poor and vulnerable populations, primarily administered by the Department of Housing and Urban Development (HUD), with some assistance provided to rural communities through the Department of Agriculture. The modern system for providing housing assistance to low-income families is comprised of programs that fall into three main categories: rental housing assistance, Federal assistance to State and local governments, and homeownership assistance. Rental assistance is provided primarily through rent vouchers that families can use in the private market, below-market rental units owned by PHAs or private landlords under contract with the Federal Government, and, to a limited extent, construction of new below-market rental units. Assistance to State and local governments comes in a number of forms, including broad flexible block grants that can be used for rental, homeownership, or community development purposes, special purpose block grants, and programs based in the tax system. Homeownership assistance includes direct assistance to defray homebuying costs, as well as mortgage insurance programs to help provide incentives for the private market to serve underserved segments of the population.

The following section provides a description of the major housing assistance programs that fall into these three categories.

RENTAL HOUSING ASSISTANCE

Section 8 Vouchers

The Section 8 Housing Choice Voucher program was created by the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276; codified at 42 USC §1437f(o)), but earlier versions of Section 8 tenant-based rental assistance have been in effect since the Housing Act of 1974 (P.L. 93-383). Section 8 vouchers are a form of tenant-based rental assistance funded by the Federal Government, administered locally by quasi-governmental public housing authorities (PHAs) and provided to private landlords on behalf of low-income families. Generally, eligible families with vouchers live in the housing of their choice in the private market and the voucher pays the difference between the family's contribution toward rent and the actual rent for the unit. Specifically, a family pays 30 percent of its adjusted income toward rent (although they can choose to pay more) and the PHA, which receives funding from HUD, will make payments to the landlord based on a maximum subsidy set by the PHA (based on the local fair market rent established by HUD), less the tenant's contribution. Families are eligible to receive a voucher if they are very low-income (earning 50 percent or less of the local area median income) or low-income (earning 80 percent or less of the local area median income) but meet other special criteria (for example, those who are elderly or who have disabilities). However, PHAs must provide 75 percent of all vouchers made available in a year to extremely low-income families (earning 30 percent or less of the area median income). Vouchers are nationally portable; once a family receives a voucher, it can take that voucher and move to any part of the country where a voucher program is being administered.

There are several special forms of Section 8 vouchers. Tenant protection vouchers are provided to families who would otherwise be displaced from other HUD programs. Some tenant-protection vouchers, called enhanced vouchers, can have higher values than regular vouchers. PHAs also have the discretion to "project-base" some of their vouchers. Project-based vouchers are attached to specific housing units rather than given to families to use in the homes of their choosing. Another special form of voucher is the homeownership voucher; PHAs have the discretion to allow eligible first-time homebuyers to use their vouchers to make monthly mortgage payments.

The voucher program is not an entitlement program; families that wish to receive a voucher must generally apply to their local PHA and are placed on a waiting list, the length of which varies by community and can range from several months to many years. Congress has authorized and funded an annual level of roughly two million vouchers for at least the last decade. The funding for those vouchers is provided annually by Congress in the appropriations for HUD. The Section 8 voucher program is the largest of HUD's rental assistance programs, serving the largest number of households and accounting, in recent years, for over one-third of the Department's budget (roughly $16 billion of HUD's $37 billion budget in FY2007). Congress has generally renewed all existing vouchers each year; in some years Congress also creates new vouchers to serve additional families, referred to as incremental vouchers. The current distribution of vouchers across PHAs results from a variety of allocation methods used in the past: formula-based, competitive, and other. While the distribution of funding to PHAs is generally based on the number of vouchers that they have and the cost of those vouchers, the exact distribution formula has often been modified by Congress in the appropriations process.

Other tenant-based rental assistance

While Section 8 vouchers are the main form of tenant-based rental assistance, HUD also funds several other types of tenant-based rental assistance. HUD funds special vouchers for persons with disabilities (through the Section 811 program—discussed later) and for homeless persons (through the Shelter Plus Care program—discussed later), and States and localities can use their HOME Investment Partnerships Block Grant (discussed later) funds to provide vouchers.

Public Housing

The low-rent public housing program was created by the U.S. Housing Act of 1937 (P.L. 75-412, codified at 42 USC §1437) and was the first major federal housing assistance program designed to serve low-income families. Low-rent public housing developments are owned and operated by local public housing authorities (PHAs) and subsidized and regulated by the Federal Government. Generally, families are eligible to live in public housing if they are low-income (those with income at or below 80 percent of area median income), but 40 percent of public housing units that become available in a year must be given to extremely low-income families (those with income at or below 30 percent of area median income). As in the Section 8 voucher program, families living in public housing pay 30 percent of their adjusted income toward rent.

PHAs receive several streams of funding from HUD to help make up the difference between what tenants pay in rent and what it costs to maintain public housing. PHAs receive operating funds and capital funds through a formula allocation process; operating funds are used for management, administration, and the day-to-day costs of running a housing development and capital funds are used for modernization needs (such as replacing a roof or heating and cooling system, or reconfiguring units). PHAs can also apply for competitive HOPE VI revitalization grants, which are used to demolish and rebuild, or substantially rehabilitate, severely distressed public housing, replacing it with mixed-income housing.

There are roughly 1.2 million public housing units under contract with the Federal Government, making public housing the second largest direct housing assistance program. The 1998 Public Housing Reform Act (P.L. 105-276) prohibited public housing authorities from increasing the total number of public housing units in their inventory; however, the number of public housing units had begun to steadily decline before then for a number of reasons. PHAs are eligible to demolish or sell their public housing developments with HUD's permission, and since the mid-1990s, they have not been required to replace those units with new units (although they must provide displaced families with Section 8 vouchers). The 1998 Reform Act also provided authority to allow, and in some cases, require, PHAs to convert their public housing units. Further, the HOPE VI program has contributed to the demolition of more units than it has replaced.

Project-based Section 8 Rental Assistance

The Section 8 program was created by the Housing Act of 1974 (P.L. 93-383 codified at 42 USC §1437f). The program, which had both a project-based and tenant-based component, was designed to replace construction-based subsidies (like the public housing program) with rent subsidies to private landlords, which were thought to be less expensive. The tenant-based component of the original Section 8 program has become the Section 8 voucher program (discussed earlier). Under the project-based component of the Section 8 program, HUD entered into contracts with private property owners under which owners agreed to rent their housing units to eligible low-income tenants for an income-based rent, and HUD agreed to pay the difference between tenants' contributions and a rent set by HUD. Families are eligible to live in project-based Section 8 units if they are low-income (having income at or below 80 percent of the area median income), but 40 percent of units made available each year must be reserved for extremely low-income families (those with income at or below 30 percent of the area median income).

No new project-based Section 8 contracts have been awarded since the mid-1980s, although existing contracts can be renewed upon their expiration. Roughly one million project-based units are still under contract and receive assistance. The original contracts were for 10-40 year periods and were provided with multi-year funding from Congress for the length of their contract. Therefore, each year, Congress only has to provide new funding for those contracts that have expired and require annual renewal (although, eventually, all of those long-term contracts will expire so all contracts will require annual funding). Not all contracts are renewed, so there has been a loss of project-based Section 8 units over time. When owners do not renew, tenants are provided with Section 8 tenant protection vouchers.

Section 202 Supportive Housing for the Elderly Program and the Section 811 Housing for Persons with Disabilities Program

Through the Section 202 Supportive Housing for the Elderly program, HUD provides funds to nonprofit organizations which in turn build rental properties for low-income elderly households (those with a head of household or spouse age 62 or older). The program was created as part of the Housing Act of 1959 (P.L. 86-372). (The program is codified at 12 U.S.C. §1701q.) Section 202 is the only Federal housing program that funds housing exclusively for elderly persons, although from approximately 1964 to 1990, non-elderly disabled households were eligible for residency in Section 202 properties.[1] Although the Section 202 program initially provided low-interest loans to nonprofit developers, since the early 1990s, the program has provided nonprofit developers with capital grants, together with project rental assistance contracts (rental assistance that is similar to project-based Section 8). The capital grants are awarded through a competitive process. The current version of the Section 202 program serves very low-income elderly households (those with incomes at or below 50 percent of poverty).

The Section 811 Supportive Housing for Persons with Disabilities Program was created in 1990 as part of the Cranston-Gonzalez Affordable Housing Act (P.L. 101-625). (The program is codified at 42 U.S.C. §8013.) Until the enactment of Section 811, the Section 202 program provided housing for persons with disabilities. Through Section 811, HUD provides capital grants to non-profit

[1] "Handicapped" families were added to the definition of "elderly" families in P.L. 88-560, the Housing Act of 1964. In 1990, the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625) separated housing for disabled persons from housing for elderly persons with the creation of the Section 811 Housing for Persons with Disabilities program.

organizations to create rental housing that is affordable to very low-income households with an adult who has a disability.[2] The program also funds project rental assistance contracts to subsidize the rent paid by tenants. In addition, Section 811 makes available "mainstream vouchers" which are similar to Section 8 vouchers and allow eligible recipients to find housing in the private market. Housing built with capital grants may include group homes, independent living facilities, multifamily rental units, condominium units, and cooperative housing. Section 811 developers must provide supportive services to those residing in the units.

Other Rent-Restricted Units

The Section 236 program was a HUD initiative to encourage private developers to create housing affordable to low- and moderate-income households. The program, created as part of the Housing and Urban Development Act of 1968 (P.L. 90-448) was active in promoting new development from approximately 1969 to 1973. (The program is codified at 12 U.S.C. §1715z-1.) The Section 236 program provided mortgage insurance to housing developers for the construction and rehabilitation of rental housing and continues to provide mortgage subsidies to building owners through a mechanism called Interest Reduction Payments (IRPs). IRPs are subsidies to owners that ensure that the owners will only pay 1 percent interest on their mortgages. Approximately 240,000 developments continue to receive IRPs today.[3] Given the reduced financing costs, owners can charge below-market rents for Section 236 units. Many units also receive rental assistance payments through the Section 8 project-based voucher program, Rent Supplement program, or the Rental Assistance Payments (RAP) program, making the units affordable to very low-income and extremely low-income families.

The Section 221(d)(3) Below Market Interest Rate (BMIR) program was another HUD program that encouraged private developers to create affordable housing by offering FHA-insured loans with interest rates of 3 percent. The program was enacted as part of the Housing Act of 1961 (P.L. 87-70) and was actively issuing new loans until 1968, when the Section 236 program replaced it as a vehicle for affordable housing development. (The Section 221(d)(3) BMIR program is codified at 12 U.S.C. §1715*l*.) Like Section 236, units created under this program have below-market rents and units may also receive rental assistance.

Rural Rental Housing (Section 515) and Rental Assistance (Section 521)

Title V of the Housing Act of 1949 authorized the U.S. Department of Agriculture (USDA) to make loans to farmers to enable them to construct, improve, repair, or replace dwellings and other farm buildings to provide decent, safe, and

[2] A disability is defined as (1) having a physical, mental, or emotional impairment that is expected to be of long-continued or indefinite duration, substantially impedes the ability to live independently, and could be improved by suitable housing, (2) a developmental disability. 42 U.S.C. §8013(k)(2).
[3] HUD, Congressional Justifications for FY2009, p. K-1.

sanitary living conditions for themselves, their tenants, lessees, sharecroppers, and laborers. USDA was authorized to make grants, or combinations of loans and grants to those farmers who could not qualify to repay the full amount of a loan, but who needed the funds to make their dwellings sanitary or to remove health hazards to the occupants or the community. While the Act was initially targeted to farmers, over time the Act has been amended to enable USDA to make housing loans and grants to rural residents in general.

The USDA housing programs are generally referred to by the section number under which they are authorized in the Housing Act of 1949, as amended. Under the Section 515 program, the Rural Housing Service of the USDA is authorized to make direct loans for the construction of rural rental and cooperative housing. (The program is codified at 42 U.S.C. §1485.) The loans are made at a 1 percent interest rate and are repayable in 50 years. Except for public agencies, all borrowers must demonstrate that financial assistance from other sources is not enough to enable the borrower to provide the housing at terms that are affordable to the target population. Under the Section 521 program, rental assistance payments, which are made directly to owners of rental properties, make up the difference between the tenants' rent payments and the USDA-approved rent for the Section 515 units. (The program is codified at 42 U.S.C. §1490a.) Owners must agree to operate the property on a limited profit or nonprofit basis.

FUNDING FOR STATES AND LOCALITIES

Low Income Housing Tax Credit

The LIHTC was enacted as part of the Tax Reform Act of 1986 (P.L. 99-514) and provides incentives for the development of affordable rental housing through Federal tax credits administered through the Internal Revenue Service. (The program is codified at 26 U.S.C. §42.) The tax credits are disbursed to State housing finance agencies (HFAs) based on population. HFAs, in turn, award the credits to housing developers that agree to build or rehabilitate housing where a certain percentage of units will be affordable to low income households. Housing developers then sell the credits to investors and use the proceeds from sale of the credits to help finance the housing developments. The benefit of the tax credits to the purchasing investors is that they reduce the investor’s Federal income tax liability annually over a ten year period.

Because tax credits reduce the amount of private financing required to build or rehabilitate housing, the owners of developments financed through tax credits are able to charge lower rents. In order to qualify for the tax credits, at least 20 percent of units must be occupied by households with incomes at or below 50 percent of area median income, or at least 40 percent of units must be occupied by households with incomes at or below 60 percent of area median income. Rent charged for the rent restricted units in a development may not exceed 30 percent of an imputed income limitation — calculated based on area median incomes. Units financed with tax credits must remain affordable for at least 15 years. As of 2005, over 1.5 million units had been created using LIHTCs.[4]

Mortgage Revenue Bonds

The Federal Government authorizes State and local governments to issue private activity bonds, up to a certain limit, which are exempt from Federal taxes. One form of a private activity bond is a mortgage revenue bond (MRB). State or local governments — or their authorized agencies, such as housing finance agencies — sell MRBs to investors. Because the interest earned by bondholders is exempt from Federal (and sometimes State) taxation, the bonds can be marketed at lower interest rates than would be required for similar taxable instruments. The proceeds of the bond sale, less issuance costs and reserves, are used to finance home mortgages to eligible (generally first-time) homebuyers. In effect, the tax exemption on the bonds provides an interest rate subsidy to homebuyers.

In order to qualify for the benefit, a borrower must not have been a homeowner in the past three years, the mortgage must be for the principal residence of the borrower, the purchase price may not exceed 90 percent (110 percent in targeted areas) of the average purchase price in the area, and the income of the borrower may not exceed 110 percent (140 percent in targeted areas) of the median income for the area.

Community Development Block Grants

The Community Development Block Grant (CDBG) program was enacted as part of the Housing and Community Development Act of 1974 (P.L. 93-383), and is administered by HUD. (The program is codified at 42 U.S.C. §§5301-5321.)

The purpose of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities primarily for low- and moderate-income persons. The CDBG program distributes 70 percent of total funds through formula grants to entitlement communities — central cities of metropolitan areas, cities with populations of 50,000 or more, and urban counties — and the remaining 30 percent goes to States for use in small, non-entitlement communities.

Recipient communities may use CDBG funds for a variety of activities, although at least 70 percent of funds must be used to benefit low- and moderate-income persons. Eligible activities include the acquisition and rehabilitation of property for purposes such as public works, urban beautification, historic preservation; the demolition of blighted properties; services such as crime prevention, child care, drug abuse counseling, education, or recreation; neighborhood economic development projects; and the rehabilitation or development of housing as well as housing counseling services.

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[4] Data taken from U.S. Department of Housing and Urban Development's LIHTC Database.

HOME Block Grants

The HOME Investment Partnerships program is a housing block grant program administered by HUD designed to expand the supply of decent, safe, sanitary, and affordable housing. The program was created by the National Affordable Housing Act of 1990 (P.L. 101-625, codified at 42 USC §§1247 et. seq.). HOME funds are provided via formula allocation; 60 percent of funds are awarded to participating jurisdictions (which have populations above a certain threshold) and 40 percent are awarded to States to use in areas not served by participating jurisdictions. HOME grantees must match 25 percent of their HOME grants (with some exceptions) and submit a plan to HUD detailing their community needs and priorities.

HOME funds can be used for four main purposes: homeowner rehabilitation, homebuyer assistance, rental construction and rehabilitation, and the provision of tenant-based rental assistance. In 2003, Congress added a special set-aside of funding, called the American Dream Downpayment Initiative (ADDI) program, which can be used only for downpayment and closing cost assistance for eligible first time homebuyers. All HOME funds must be used to benefit low-income families (those with incomes at or below 80 percent of the area median income) and at least 90 percent of funds must be used to benefit families with incomes at or below 60 percent of area median income.

Homeless Assistance Grants

HUD administers four homeless assistance grants, three of which were enacted in 1987 as part of the McKinney-Vento Homeless Assistance Act (P.L. 100-77). (The Homeless Assistance Grants are codified at Title 42, Chapter 119, Subchapter IV of the United States Code.) The four homeless assistance grants are (1) the Emergency Shelter Grants (ESG) program,[5] (2) the Supportive Housing Program (SHP), (3) the Single Room Occupancy (SRO) program, and (4) the Shelter Plus Care (S+C) program.[6] The four grants are distributed to local communities through both formula allocations and a competitive grant process. Depending on the program under which funds are awarded, grantees may use their awards to provide permanent supportive housing, transitional housing, and supportive services for homeless individuals.

The ESG program funds are distributed by formula to both local communities and States, and may be used by grantees to address the emergency requirements of persons experiencing homelessness. The other three homeless assistance grants — SHP, SRO, and S+C — focus on the longer term needs of persons experiencing homelessness — transitional and permanent housing together with supportive services. Funds for each of the three grants are distributed through a competition in

[5] ESG was enacted one year prior to McKinney-Vento as part of the Continuing Appropriations Act for FY1987 (P.L. 99-591). However, it was made part of McKinney-Vento.

[6] The S+C program was authorized in 1990 by the Stewart B. McKinney Homeless Act Amendments (P.L. 101-645).

which local communities (usually cities, counties, or combinations of both) collaborate and apply for funds through HUD's "Continuum of Care" process. SHP funds may be used for transitional housing for homeless individuals and families for up to 24 months, permanent housing for disabled homeless individuals, and supportive services. The SRO program provides permanent housing to homeless individuals in efficiency units where bathroom and kitchen facilities are shared. The S+C program provides permanent supportive housing for disabled homeless individuals and their families.

Housing Opportunities for Persons With AIDS

The Housing Opportunities for Persons with AIDS (HOPWA) program is the only Federal program that provides funding specifically for housing for persons with acquired immunodeficiency syndrome (AIDS) and related illnesses. Congress established the HOPWA program as part of the National Affordable Housing Act (P.L. 101-625) in 1990. (The program is codified at 42 U.S.C. §§12901-12912.) HOPWA program funding is distributed both by formula allocations and competitive grants. HUD awards 90 percent of appropriated funds by formula to States and eligible metropolitan statistical areas (MSAs) that meet thresholds regarding population, AIDS cases, and AIDS incidence. Recipient States and MSAs may allocate grants to nonprofit organizations or administer the funds through government agencies. HOPWA grantees may use funds for a wide range of housing, social services, program planning, and development costs.

NAHASDA

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA, P.L. 104-330), reorganized the system of Federal housing assistance to Native Americans by separating Native American programs from the public housing program, and by eliminating several separate programs of assistance and replacing them with a single block grant program. In addition to simplifying the process of providing housing assistance, the purpose of NAHASDA was to provide Federal assistance for Indian tribes in a manner that recognizes the right of Indian self-determination and tribal self-governance.

The Act provides block grants to Indian tribes or their tribally designated housing entities (TDHE) for affordable housing activities. The tribe must submit an Indian housing plan (IHP), with long- and short-term goals and proposed activities, which is reviewed by HUD for compliance with statutory and regulatory requirements. Funding is provided under a needs-based formula, which was developed pursuant to negotiated rule-making. Tribes and TDHEs can leverage funds, within certain limits, by using future grants as collateral to issue obligations under a guaranteed loan program.

HOMEOWNERSHIP ASSISTANCE

Federal Housing Administration

The Federal Housing Administration (FHA) is an agency within HUD that insures mortgages made by private lenders. Since lenders are insured against loss if borrowers default, they are willing to make loans to borrowers who might not otherwise be served by the private market, particularly those with low downpayments or little credit history. FHA-insured borrowers pay an insurance premium to FHA and are subject to limits on the size of loan that they can obtain.

The FHA administers a variety of mortgage insurance products, including insurance for home purchase and home improvement loans, reverse mortgages to allow the elderly to remain in their homes, as well as loans for the purchase, repair, or construction of apartments, hospitals, and nursing homes. The programs are administered through two program accounts — the Mutual Mortgage Insurance/Cooperative Management Housing Insurance fund account (MMI) and the General Insurance/Special Risk Insurance fund account (GI/SRI). The MMI fund provides insurance for home mortgages. The GI/SRI fund provides insurance for more risky home mortgages, for multifamily rental housing, and for an assortment of special purpose loans such as hospitals and nursing homes.

Department of Veterans Affairs Loan Guarantees

The Servicemen's Readjustment Act of 1944 (PL 78-346) established the home loan guaranty program, which is now administered by the Department of Veterans Affairs (VA). The VA loan guaranty program was an alternative to cash bonuses for the millions of men and women who served in the Armed Forces during World War II.

Under this program, an eligible veteran may purchase a home through a private lender and the VA guarantees to pay the lender a portion of the losses if the veteran defaults on the loan, similar to FHA. While initially established to benefit veterans who had served during war times, the program has been amended to extend eligibility to all parties who are on active duty or honorably discharged from the services. The main objective of the current VA home loan guaranty program is to help veterans finance the purchase of homes on favorable loan terms.

Federal Home Loan Banks

The Federal Home Loan Banks (FHLB--the Banks) were created in 1932 by the Federal Home Loan Bank Act (P.L. 72-304) to serve as lenders to savings and loan associations, which at the time made the majority of home mortgage loans. The Banks were established to ensure the liquidity of these lenders, and today lend money to commercial banks, credit unions, and insurance companies in addition to savings and loans. The FHLB System includes twelve regional wholesale Banks and an Office of Finance. Each Bank is a separate legal entity, cooperatively owned by its member financial institutions, and has its own management, employees, and board of directors. Each Bank is assigned a distinct geographic area.

While the Federal Home Loan Banks are not subject to Federal income tax, they do pay 20 percent of their net earnings to fund a portion of the interest on the Resolution Funding Corporation (REFCorp) debt, which was issued for the resolution of insolvent savings and loans association during the 1980s. In addition, the Federal Home Loan Banks contribute the greater of 10 percent of their net income or $100 million toward an Affordable Housing Program, the purpose of which is to extend grants and subsidized housing loans to very low- to moderate-income families and individuals. The Affordable Housing Program includes a First-time Homebuyer Program which enables up to $10,000 to be awarded to eligible homebuyers for downpayment and closing cost assistance.

Department of Agriculture Rural Housing Loans

Through the Section 502 Guaranteed Rural Housing Loan program, USDA is authorized to make both direct loans and to guarantee private loans to very low- to moderate-income rural residents for the purchase or repair of new or existing single-family homes. (The program is codified at 42 U.S.C. §1472.) The direct loans have a 33-year term and interest rates may be as low as 1 percent. Borrowers with incomes at or below 80 percent of area median income qualify for the direct loans. The guaranteed loans have 30-year terms, and borrowers with incomes at or below 115 percent of the area median qualify. Priority for both direct and guaranteed loans is given to first-time homebuyers, and USDA may require that borrowers complete a homeownership counseling program.

Through the Section 504 program, the USDA makes loans and grants to very low-income homeowners (those with incomes at or below 50 percent of area median income) for home repairs or improvements, or to remove health and safety hazards. (The program is codified at 42 U.S.C. §1474.) The Section 504 grants may be available to homeowners who are age 62 or older. To qualify for the grants, the elderly homeowners must lack the ability to repay the full cost of the repairs. Depending on the cost of the repairs and the income of the elderly homeowner, the owner may be eligible either for a grant that will cover the full cost of the repairs, or for some combination of loan and grant.

Section 235

The Section 235 program, enacted as part of the Housing and Urban Development Act of 1968 (P.L. 90-448) helped to subsidize the home purchases of individual borrowers. Through the program, FHA provided a monthly subsidy payment to lenders in order to reduce the interest liability of loans made to eligible borrowers. As originally enacted and administered, homebuyers were required to pay at least 20 percent of their income toward debt service on their mortgages, and FHA paid the lenders the lesser of (1) balance of the monthly payment due after the borrowers paid 20 percent of their income or (2) the difference between the required payments at the FHA interest rate and the payments that would be due on a loan with a 1 percent interest rate. As a result, the subsidy to homeowners varied depending upon their income, the amount of the mortgage, and the market interest rate.

The Section 235 program had a two-tiered eligibility component. At least 80 percent of program funds were made available for homebuyers with incomes that did not exceed 135 percent of the maximum income for admission to public housing. Applicants in this group could purchase homes with downpayments as low as $200. The remaining 20 percent of program funds were available for a higher income group. Applicants in this group had to make downpayments of at least 3 percent of the sales price. New commitments under the Section 235 program were halted by the 1973 Nixon moratorium; a revised version of the program was reactivated in 1976. The Section 235 program was terminated as of October 1, 1989 by the Housing and Community Development Act of 1987 (P.L. 100-242); however, roughly 4,000 families continue to be assisted by the program.[7]

Mortgage Interest Deduction

Homeownership promotion has generally taken two forms: government assistance in the financing of home purchases, and tax preferences favoring homeowners. One of the tax incentives created by the Federal Government to promote homeownership is the mortgage interest deduction. It allows homeowners to deduct any interest paid on their mortgage from their taxable income, thus reducing their tax liability. The deduction benefits those households that own homes, that have a mortgage on which they pay interest, and for whom itemized deductions exceed the standard deduction — according to the Joint Committee on Taxation, in 2006 approximately 68 percent of taxpayers took the standard deduction. [8] The mortgage interest deduction could be considered the government's largest housing program. According to the Joint Committee on Taxation (a non-partisan House and Senate Committee), in FY2007, the mortgage interest deduction resulted in $73.7 billion in forgone taxes.

ISSUES AND TRENDS IN HOUSING ASSISTANCE PROGRAMS

INCIDENCE OF HOUSING PROBLEMS

When the Federal housing assistance programs began in the 1930s, the nation was considered to be ill-housed. The Housing Act of 1937 identified an "acute shortage of decent, safe, and sanitary dwellings." Thanks in part to stricter building codes and standards, most housing in the United States today is decent, safe, and sanitary. Although some units are still considered substandard, today the greatest

[7] HUD, Congressional Justifications for FY2009, p. K-1.

[8] Joint Committee on Taxation, *Estimates Of Federal Tax Expenditures For Fiscal Years 2007-2011*, Table 2, p. 37.

perceived housing problem is related to affordabililty. Housing is considered "affordable" if its costs account for no more than 30 percent of a household's income. Households that pay half or more of their income toward their housing costs are considered severely cost burdened; households that pay between 30 percent and 50 percent of incomes towards their housing costs are considered moderately cost-burdened. According to data from the Census's American Community Survey, in 2005, 20 million households were moderately cost burdened and 17 million households were severely cost burdened.[9]

HUD is directed to report to Congress periodically on the incidence of "worst case" housing needs. Worst case housing needs are defined as unassisted renters with very low incomes (at or below 50 percent of area median income) who pay more than half of their income for housing or live in severely substandard housing. In its 2005 report to Congress, HUD found that roughly 5 million households had worst case housing needs, accounting for roughly 5 percent of all households.[10] This rate — roughly 5 percent of households having worst case housing needs — has held relatively steady since HUD began reporting on worst case housing needs in 1991. The vast majority of households with worst case housing needs (91 percent) were severely cost burdened, but lived in standard housing; only 4 percent of households with worst-case housing needs lived in substandard housing.

CHARACTERISTICS OF FAMILIES RECEIVING ASSISTANCE

Public housing, Section 8 vouchers, and the project-based rental assistance programs (including project-based Section 8, Section 202 and Section 811) combined serve roughly 4 million households and can be considered the primary housing assistance programs for low-income families. These three forms of assistance are similar in many ways. They all target assistance to extremely low-income families, require families to pay 30 percent of their incomes toward rent, and generally have long waiting lists for assistance. However, the three vary significantly in terms of their evolution, the structure of their benefit (a portable voucher versus a housing unit), and their administration (PHA versus private owner).

The similarities and differences in the programs themselves result in similarities and differences in the characteristics of the households they serve. Table 15-1 provides household characteristics data for participants in the Section 8 tenant-based voucher program, the public housing program, and the project-based rental assistance programs (including project-based Section 8, housing for the elderly and disabled, and the rental assistance payment programs).

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[9] Harvard Joint Center for Housing Studies, *State of the Nation's Housing, 2007*, Table A-6.

[10] Department of Housing and Urban Development, *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing*, December 2005.

TABLE 15-1--CHARACTERISTICS OF HOUSEHOLDS SERVED IN SELECTED HOUSING ASSISTANCE PROGRAMS[1]

	Tenant-Based	Public Housing	Project-Based
Household Characteristics			
Elderly Head of Household	16%	32%	48%
Disabled Head of Household	25%	20%	15%
All Households with Children	59%	42%	29%
Non-Married Female Head of Household w/Children	54%	38%	26%
Race and Ethnicity (Head of Household)			
White	54%	50%	63%
Black	43%	47%	32%
Hispanic[2]	16%	21%	11%
Household Income (2004)			
Median Annual Income	$9,500	$8,400	$9,300
Zero Income	4%	5%	5%
Source of Income (All Households)			
Any Wages	37%	31%	22%
Any Welfare	24%	17%	9%
Any Social Security, Pension, or Disability Income	28%	39%	65%
Source of Income (Non-elderly, Non-disabled)			
Any Wages	55%	54%	49%
Any Welfare	29%	25%	17%
Any Social Security, Pension, or Disability Income	6%	6%	10%
Tenure (in years)			
25th Percentile	1.8	1.9	1.7
Median	3.4	5.3	3.8
75th Percentile	6.6	12.1	8.6
Location			
Suburb	32%	17%	28%
Central City	47%	54%	50%
Non-Metro Area	21%	29%	21%

[1]Data reflect participating households in December 2004.
[2]Persons with Hispanic ethnicity can be of any race.
Source: Calculated by CRS, based on data provided by HUD.

The Section 8 (tenant-based) voucher program serves more single, female-headed households with children than do the public housing program or project-based programs. In 2004, over half of voucher households were households with children headed by unmarried females, compared to less than 40 percent of public housing households and less than 30 percent of project-based households. The project-based programs primarily serve elderly and disabled households, who account for nearly two-thirds of all households served in those programs. This is not surprising given that owners of project-based housing may designate entire properties for elderly or disabled households. Public housing is more evenly divided, with about half of all households being elderly or disabled.

In all three programs, the majority of households served have heads of household who identify their race as White, although all three serve a substantial number of households whose heads identify their race as Black. Public housing serves the highest proportion of Black households, 47 percent compared to 43 percent in the voucher program and 32 percent in the project-based programs. Between 10 percent and 20 percent of households served across the three programs have heads of household who identify their ethnicity as Hispanic, with public housing again having the largest share. Public housing is also more concentrated in central cities than are vouchers or project-based units.

The rules governing the three main housing assistance programs require that they serve low-income households. In 2004, the median household income across the three programs ranged from $8,400 in the public housing program to $9,500 in the voucher program. The median income of the households served in the HUD programs was less than one-fifth of national median income. (In FY2004, national median income for a family of four was $57,500.[11]) Across all three programs, roughly 5 percent of households reported having zero income.

Given the differences in characteristics of households served by each program, it is not surprising that the source of tenant income varies significantly by program. Among households receiving project-based rental assistance, nearly two-thirds reported receiving pension income, Social Security income, or disability-related fixed income. In the voucher program, which serves fewer elderly and disabled households than the project-based programs, nearly as many households reported receiving some income from welfare as receiving income from pensions, Social Security, or disability-related sources. In the public housing program, a little over a third of households reported receiving income from Social Security, pension, or disability payments and a little under a third reported income from work. Looking at non-elderly, non-disabled households across the three programs, half or more of all households have at least some income from work.

Concern has been raised that perhaps the income-based rent structure in the assisted housing programs acts as a disincentive for households to increase their earnings; for every new dollar a family earns, thirty-cents must go toward rent.[12] There have been some efforts to mitigate this perceived work disincentive, including the adoption of an earned income disregard in the public housing program and an earned income disregard for disabled families in the voucher program. Congress also developed the Family Self Sufficiency (FSS) program in an effort to promote work. Families in the FSS program enter into contracts with their PHAs in which they agree to make steps toward becoming self sufficient within five years. The PHA, in turn, agrees to deposit any increased rent collected as a result of the family's increased earnings into an escrow account that the family will receive at the end of the five years, or from which they can make interim withdrawals for approved purposes. FSS is voluntary for PHAs to administer and families to join.

[11] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *FY2004 HUD Income Limit Briefing Materials*, Jan. 2004.
[12] Olsen, Edgar, et al., "Effects of Different Types of Housing Assistance on Earnings and Employment," *Cityscape: A Journal of Policy Development and Research*, vol. 8, no.2, 2005.

Once a household begins receiving housing assistance, that household can continue to receive assistance for as long as they wish to participate in the program and continue to comply with program rules. Families whose incomes increase above the initial eligibility thresholds can continue to receive assistance until 30 percent of their income is equal to their rent. At that point, they no longer qualify for rental assistance under the voucher program, and in the case of the public housing program, they can continue to live in their apartments and pay market rate rent. Among the households receiving assistance in December 2004, the median length of time that households had lived in assisted housing (tenure) was greatest in the public housing program, at just over 5 years, and shortest in the voucher program, at just under three and a half years.[13]

THE FEDERAL GOVERNMENT'S ROLE IN HOUSING

Beginning in the 1980s, the Federal Government took on a lesser role in the creation of assisted housing. This occurred in several ways. Congress ceased funding new construction under the Section 8 project-based program, which from its enactment in 1974, had subsidized hundreds of thousands of units of assisted housing. This left very few active programs in which HUD supported the development of physical housing units. Between 1976 and 1982, the Federal housing programs produced more that one million units of subsidized housing.[14] In the following years, however, annual production was around 25,000 new subsidized units.[15] Around the time that housing production was declining, Congress created two programs that gave a good deal of control over decisions regarding housing policy and development to State and local governments — these included the Low Income Housing Tax Credit (LIHTC) program and the HOME Investment Partnerships program. These programs, particularly the LIHTC, have been used by States and localities to create hundreds of thousands of units of affordable housing.

The Federal Government's decision to take a lesser role in the development of housing has had several consequences. First, State and local governments have taken on an increased role in providing affordable housing and establishing priorities in their communities.[16] Second, due to a reduction in the number of new affordable housing units that are created each year, the need to preserve existing affordable housing units has taken on a new importance. A third consequence is the need for multiple streams of funding other than Federal grants in order both to support the creation of new affordable housing units and to preserve existing units. These three consequences are discussed more fully below.

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[13] It is important to note that median length of stays taken from point-in-time data cannot predict how long a household entering a housing program is likely to stay.

[14] The National Housing Task Force, *A Decent Place to Live*, March 1988. See S.Hrg. 100-689, p. 142.

[15] Ibid.

[16] Michael A. Stegman, *State and Local Affordable Housing Programs: A Rich Tapestry*, Urban Land Institute, 1999.

First, with the advent of both the LIHTC program and the HOME program, States and localities were able to exercise discretion in determining how to prioritize and develop housing using a larger pool of federal funds. Until that point, even though States, through their Housing Finance Agencies, helped finance mortgage loans and affordable rental housing, their role was limited by the amount of funds available.

In the Low Income Housing Tax Credit program, States develop plans in which they may set aside a certain percentage of tax credits for populations such as homeless individuals or persons with disabilities. They may also decide to use tax credits to preserve existing housing as well as to build new housing. Funds that States receive from the HOME program may be used for the construction of new rental housing and rental assistance for low-income households. A potential drawback of these programs is their inability, on their own, to reach the neediest households.[17] For example, in a LIHTC development, at least 20 percent of units must be affordable to households at or below 50 percent of area median income, or 40 percent of units must be affordable to households at or below 60 percent of area median income. Many of the older HUD programs constructed housing that was affordable to households at or below 30 percent of area median income — those considered extremely low-income. Often these households cannot afford units in LIHTC properties without rental subsidies, such as Section 8 vouchers.[18]

Another way some States and local governments support affordable housing is outside of the assistance of the Federal Government, through establishment of their own housing trust funds. These trust funds use dedicated funding sources such as document recording fees or real estate transfer taxes to create a pool of funds for affordable housing. By using a dedicated source of financing, trust funds may not be as subject to the vicissitudes of State budgets as are other means of funding housing development. Also, States and local communities support affordable housing through inclusionary zoning. Through this method, housing developers are expected to dedicate a percentage of units they build as affordable housing. In exchange, States or local communities give developers incentives that allow them to expand or speed up the pace of development. Some of the incentives include density bonuses or zoning variances that allow developers to build larger facilities than they would be able to under existing zoning regulations, as well as expedited approval of building permits.

A second consequence of the decreased role of the Federal Government in the creation of affordable housing units is the increased pressure to maintain the affordability of existing units. Many HUD subsidized units that were developed in the 1960s and 1970s through programs such as Section 236 and Section 221(d)(3),

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[17] See, for example, Recapitalization Advisors, Inc., *The Low Income Housing Tax Credit Effectiveness and Efficiency: A Presentation of the Issues*, March 4, 2002, p. 11, available at [http://www.affordablehousinginstitute.org/resources/library/MHC_LIHT.pdf].

[18] Ethan Handelman, Jeffrey Oakman, and David A. Smith, *The Interaction of LIHTC and Section 8 Rents*, Recapitalization Advisors, Inc., January 30, 2007, p. 4, available at [http://www.recapadvisors.com/pdf/Wu%2061.pdf].

as well as those units that received Section 8 project-based rental assistance, are no longer available to low-income households. At the time the properties were developed, building owners entered into contracts with HUD in which they agreed to maintain affordability for a certain number of years. The duration of these contracts varied; depending on the Federal program, these contracts, or "use restrictions" may last between 15 years (the Low Income Housing Tax Credit program) and 50 years (early Section 202 developments). In recent years, these contracts have begun to expire or, in some cases, property owners have chosen to pay off their mortgages early and end the use restrictions. Contracts for rental assistance, including project-based Section 8 rental assistance, have also begun to expire. When any of these events occur, owners may charge market-rate rents for the units, and the affordable units are lost. The term used to refer to efforts to maintain the affordability of these housing units is "affordable housing preservation." In coming years, more and more property owners will be in a position to opt out of affordability restrictions and thousands of units could begin being priced at market rates.[19]

Congress has attempted to enact laws that would preserve affordable housing units; however, due to the temporary nature of some of the measures, preservation remains a concern. Congress first enacted legislation to help preserve affordable rental housing in 1987. The Emergency Low-Income Housing Preservation Act (ELIHPA), enacted as part of the Housing and Community Development Act of 1987 (P.L. 100-242), was a temporary measure that prevented owners of Section 236 and Section 221(d)(3) properties from prepaying their mortgages. In 1990, the Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA), enacted as part of the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625), offered incentives to owners to keep them from prepaying their mortgages. However, six years after LIHPRHA was enacted, Congress reinstated the right of owners to prepay their mortgages. (See P.L. 104-134.) Another effort to preserve affordable housing was enacted as part of the Multifamily Assisted Housing Reform and Accountability Act (MAHRA, P.L. 105-65). Through this effort, referred to as Mark-to-Market, HUD restructures the debt of building owners while at the same time renegotiating their rental assistance contracts. Unlike ELIHPA and LIHPRHA, the Mark-to-Market program is still in effect.

A third consequence of decreased Federal funding for the construction of affordable housing is the need for low-income housing developers to bring together multiple funding streams in order to build a development. When the Federal Government first began to subsidize the production of affordable housing, in many cases the funds appropriated for housing programs were sufficient to construct or rehabilitate the affordable units without the need for funds from the private financial markets. Over the years, however, Federal programs that provide grants

[19] For example, according to HUD's database of Section 236 properties with active loans, at least 1,200 loans representing 137,000 units will have mortgages that mature over a five-year period between 2008 and 2013.

for the construction of multifamily housing for low-income households have become a smaller portion of the government's housing portfolio. At the same time, the grants themselves have become a smaller portion of the total amount needed to support the development of affordable housing. As a result, it has become necessary for developers to turn to multiple sources of financing, including low income housing tax credits, tax exempt bonds, and State or local housing trust funds. In addition, it is often necessary for building owners to seek rent subsidies through programs like Section 8, HOME, and Shelter Plus Care to make renting to very low- or extremely low-income households feasible.

The interactions among these various financing streams can be complex, and putting together a development plan may require the expertise of housing finance professionals.

PROMOTING HOMEOWNERSHIP

For the First Quarter of 2008, the Census Bureau reported a U.S. homeownership rate of 67.8 percent.[20] The distribution of homeownership is not even, however. The rate is highest in the Midwest (72 percent) and lowest in the West (62.8 percent). It is highest for those age 65 years or more (79.9 percent), and lowest for those under 35 years old (41.3 percent). It is higher for Whites (75 percent) than it is for Blacks (47.1 percent). Hispanics, who can be of any race, have an ownership rate of (48.9 percent). It is higher for those with income greater than the median (82.8 percent) and lower for those with incomes less than the median (51.2 percent).

Homeownership has been promoted by favorable treatment in the tax code (mortgage interest and property tax deductions); by the creation and favorable treatment of lending institutions that make home loans (Federal home loan banks); by the establishment of Federal programs that insure lenders against losses on home loans (FHA, VA, and USDA); by establishing institutions that create a secondary market for mortgages and enable funds for mortgages to be available throughout the U.S. (Fannie Mae, Freddie Mac, and Ginnie Mae); by establishing counseling programs, within HUD and USDA, that fund agencies that counsel prospective homebuyers on obtaining and maintaining homeownership; and by funding grant programs that provide downpayment and closing cost assistance to some homebuyers.

Since the 1940s nearly every U.S. president has expressed support for the concept of increased homeownership. For example, there has been the "Blueprint for the American Dream" by the George H.W. Bush Administration, the "National Homeownership Strategy" of the Clinton Administration, and the "Homeownership Initiative" of George W. Bush Administration. Generally, the proposals have

[20] U.S. Census Bureau News, CB08-60, p4, Apr. 28, 2008.

involved little new Federal funding, but have sought to rally the private sector to use existing programs to reach some specified target.

The primary focus of recent proposals has been to increase homeownership among those who have been traditionally left out of the homeownership dream, such as low-income families and minorities. The success of these proposals will likely depend on the success of such families in maintaining homeownership once obtained.

DATA

The following tables present data on Federal spending on selected housing assistance programs as well as data on the number of assisted units, since 1980. Table 15-2 presents outlays for selected programs, in both real and nominal dollars. It is important to note that this table does not include any spending information related to loan commitments or obligations. Table 15-3 presents the number of units eligible for payment across several programs. Units eligible for payment are a measure of the number of housing units under rental assistance contracts with HUD (project-based Section 8, Section 202 and Section 811 units, and rental assistance payment and rent supplement units) combined with the number of vouchers. Generally, over the course of a year, each unit will be available for one household, although given turnover, properties are rarely at 100 percent occupancy and vouchers are rarely 100 percent utilized. As a result, fewer households receive assistance in a year than there are units eligible for payment in a year.

TABLE 15-2--OUTLAYS, SELECTED HOUSING PROGRAMS, FY1980-FY2007

[Nominal Dollars in Millions Unless Otherwise Noted]

Fiscal Year	Rental Assistance[1]	Public Housing[2]	Other Housing Assistance[3]	Block Grants[4]	Homeless and HOPWA[5]	Total Nominal Dollars	Total 2007 Dollars
1980	2,104	2,185	924	3,910		9,123	20,539
1981	3,115	2,401	1,011	4,048		10,575	21,685
1982	4,085	2,574	1,074	3,795		11,528	22,126
1983	4,995	3,206	1,003	3,557		12,761	23,456
1984	6,030	2,821	910	3,823		13,585	24,081
1985	6,818	3,408	861	3,820		14,907	25,595
1986	7,430	2,882	785	3,329		14,426	24,205
1987	8,125	2,161	758	2,970	2	14,016	22,918
1988	9,133	2,526	752	3,054	37	15,501	24,574
1989	9,918	3,043	690	2,951	70	16,673	25,444
1990	10,581	3,918	679	2,821	82	18,081	26,605
1991	11,400	4,544	687	2,981	120	19,732	27,983
1992	12,307	5,045	610	3,099	145	21,205	29,335
1993	13,289	6,296	627	3,416	172	23,799	32,192
1994	14,576	6,771	607	4,439	189	26,583	35,201
1995	16,948	7,414	603	5,519	270	30,754	39,886
1996	15,779	7,605	600	5,761	453	30,199	38,427
1997	16,393	7,687	629	5,731	718	31,158	38,968

1998[6]	16,114	7,534	576	6,360	916	31,499	38,922
1999	15,652	6,560	547	6,748	1,032	30,539	37,247
2000	16,692	7,193	667	7,077	1,100	32,729	39,128

TABLE 15-2--OUTLAYS, SELECTED HOUSING PROGRAMS, FY1980-FY2007 –continued

[Nominal Dollars in Millions Unless Otherwise Noted]

Fiscal Year	Rental Assistance[1]	Public Housing[2]	Other Housing Assistance[3]	Block Grants[4]	Homeless and HOPWA[5]	Total Nominal Dollars	Total 2007 Dollars
2001	17,494	7,483	659	7,047	1,208	33,892	39,584
2002[7]	19,394	8,193	644	7,349	1,358	36,937	42,330
2003	21,941	7,837	630	7,229	1,376	39,013	43,822
2004	23,498	7,490	620	7,113	1,492	40,213	44,024
2005	24,495	7,426	603	7,225	1,562	41,312	43,823
2006	24,756	7,560	569	7,086	1,655	41,626	42,742
2007	25,674	7,295	559	7,011	1,664	42,202	42,202

[1] Rental Assistance includes: Section 8, Section 202 and Section 811.
[2] Public Housing includes: Public Housing Capital Fund, Public Housing Operating Fund, Public Housing Drug Elimination Program, and HOPE VI.
[3] Other Housing Assistance includes: Section 235, Section 236, and Rent Supplement.
[4] Block Grants includes: Community Development Fund (CDBG), HOME Investment Partnerships, Native American Housing Block Grants and Housing Counseling Assistance.
[5] Homeless includes: HOPWA, Homeless Assistance Grants, Emergency Shelter Grants, Shelter Plus Care, Shelter Plus Care Renewals, Section 8 Moderate Rehab SRO, Supportive Housing, Innovative Homeless Demonstration Program, Supplemental Assistance for Facilities to Assist the Homeless.
[6] Prior to FY1998, funding for the Native American housing programs that were consolidated by NAHASDA was included in other accounts.
[7] Congress periodically provides emergency funding through the CDBG program following disasters, generally in amounts less than $1 billion per year. However, Congress provided substantially more funding following the September 11, 2001 terrorist attacks ($3 billion) and following the 2005 hurricanes (over $16 billion). The amounts shown in Table 15-2 include spending of emergency funds, except for FY2002-FY2007, when spending of emergency CDBG funding was excluded.
Source: Table prepared by CRS based on data from the Department of Housing and Urban Development Annotated Tables for the 2001 Budget, Congressional Budget Justifications, and the Office of Management and Budget's Public Budget Database.

TABLE 15-3--UNITS ELIGIBLE FOR PAYMENT, SELECTED HOUSING PROGRAMS, FY1980-FY2007

Fiscal Year	Rental Assistance[1]	Public Housing	Other Housing Assistance[2,3]	Annual Total
1980	1,153,311	1,192,000	761,759	3,107,070
1981	1,318,927	1,204,000	774,524	3,297,451
1982	1,526,683	1,224,000	757,213	3,507,896
1983	1,749,904	1,250,000	663,424	3,663,328
1984	1,909,812	1,331,908	617,956	3,859,676
1985	2,010,306	1,355,152	577,780	3,943,238
1986	2,143,339	1,379,679	553,765	4,076,783
1987[4]	2,239,503	1,390,098	521,651	4,151,252
1988[4]	2,332,462	1,397,907	496,961	4,227,330
1989[4]	2,419,866	1,403,816	491,635	4,315,317
1990	2,500,462	1,404,870	481,033	4,386,365
1991	2,547,995	1,410,137	473,945	4,432,077
1992	2,796,613	1,409,191	428,986	4,634,790

1993	2,812,008	1,407,923	434,498	4,654,429
1994	2,925,959	1,409,455	413,999	4,749,413
1995	2,911,692	1,397,205	415,165	4,724,062

TABLE 15-3--UNITS ELIGIBLE FOR PAYMENT, SELECTED HOUSING PROGRAMS, FY1980-FY2007 -continued

Fiscal Year	Rental Assistance[1]	Public Housing	Other Housing Assistance[2,3]	Annual Total
1996	2,958,162	1,388,746	404,498	4,751,406
1997	2,943,634	1,372,260	385,651	4,701,545
1998[5]	3,000,935	1,295,437	359,884	4,656,256
1999[6]	2,985,339	1,273,500	337,856	4,596,695
2000	3,196,225	1,266,980	302,898	4,766,103
2001	3,396,289	1,219,238	262,343	4,877,870
2002	3,420,669	1,208,730	233,736	4,863,135
2003	3,476,451	1,206,721	179,952	4,863,124
2004	3,508,091	1,188,649	155,289	4,852,029
2005	3,483,511	1,162,808	128,771	4,775,090
2006[7]	3,498,363	1,172,204	123,503	4,794,070
2007	3,532,079	1,155,377	100,595	4,788,051

[1] Rental Assistance includes Section 8, Section 202, Section 811.

[2] Other Housing Assistance includes Section 235, Section 236, Rent Supplement.

[3] Adjusted for units receiving multiple subsidies.

[4] Voucher counts for FY1987-FY1989 reflect vouchers leased, rather than reserved (or contracted) vouchers.

[5] Prior to FY1998, Native American public housing units were included in the count of public housing units. Beginning in 1998, those units are not included in the public housing unit count.

[6] The voucher count in FY1999 reflect obligated vouchers, rather than reserved (contracted) vouchers.

[7] Beginning in FY2006, HUD reported the total number of “funded” vouchers, which is HUD’s estimate of how many vouchers the amount of funding provided by Congress would sustain, given the distribution of that funding.

Source: Table prepared by CRS based on data from the Department of Housing and Urban Development Annotated Tables for the 2001 Budget and Congressional Budget Justifications.