

August 2007

# RENTAL HOUSING

## Information on Low-Income Veterans' Housing Conditions and Participation in HUD's Programs



Highlights of [GAO-07-1012](#), a report to congressional committees

**Why GAO Did This Study**

Veterans returning from service in Iraq and Afghanistan could increase demand for affordable rental housing. Households with low incomes (80 percent or less of the area median income) generally are eligible to receive rental assistance from the Department of Housing and Urban Development’s (HUD) housing choice voucher, public housing, and project-based programs. However, because rental assistance is not an entitlement, not all who are eligible receive assistance.

In response to a congressional mandate, GAO assessed (1) the income status and demographic and housing characteristics of veteran renter households, (2) how HUD’s rental assistance programs treat veteran status (whether a person is a veteran or not) and whether they use a veterans’ preference, and (3) the extent to which HUD’s rental assistance programs served veterans in fiscal year 2005. Among other things, GAO analyzed data from HUD, the Department of Veterans Affairs (VA), and the Bureau of the Census, surveyed selected public housing agencies, and interviewed agency officials and veterans groups.

GAO makes no recommendations in this report. VA agreed with the report’s findings. HUD objected to the characterization in the report regarding HUD’s policies on veteran status and program eligibility and subsidy amounts.

[www.gao.gov/cgi-bin/getrpt?GAO-07-1012](http://www.gao.gov/cgi-bin/getrpt?GAO-07-1012).

To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or [woodd@gao.gov](mailto:woodd@gao.gov).

**RENTAL HOUSING**

**Information on Low-Income Veterans’ Housing Conditions and Participation in HUD’s Programs**

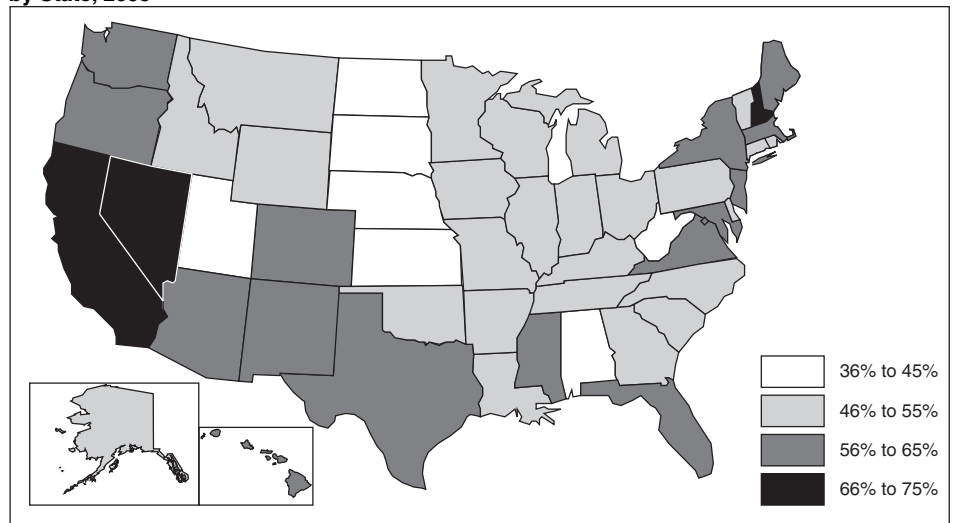
**What GAO Found**

In 2005, an estimated 2.3 million veteran renter households had low incomes. The proportion of veteran renter households that were low income varied by state but did not fall below 41 percent. Further, an estimated 1.3 million, or about 56 percent of these low-income veteran households, had housing affordability problems—that is, rental costs exceeding 30 percent of household income. Compared with other (nonveteran) renter households, however, veterans were somewhat less likely to be low income or have housing affordability problems.

HUD’s policies for its three major rental assistance programs generally do not take veteran status into account when determining eligibility or assistance levels, but eligible veterans can receive assistance. Also, HUD generally does not distinguish between income that is specific to veterans, such as VA-provided benefits, and other sources of income. The majority of the 41 largest public housing agencies that administer the housing choice voucher or public housing programs have no veterans’ preference for admission. The 13 largest performance-based contract administrators that oversee most properties under project-based programs reported that owners generally did not adopt a veterans’ preference.

In fiscal year 2005, an estimated 11 percent of all eligible low-income veteran households (at least 250,000) received assistance, compared with 19 percent of nonveteran households. Although the reasons for the difference are unclear, factors such as differing levels of need for affordable housing among veteran and other households could influence the percentages.

**Percentage of Low-Income Veteran Renter Households with Housing Affordability Problems, by State, 2005**



Sources: GAO analysis of sample survey data from 2005 American Community Survey; Art Explosion (map).

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## Abbreviations

ACS	American Community Survey
AMI	area median income
BIRLS	Beneficiary Identification and Records Location Subsystem
FSS	Family Self-Sufficiency
GPD	Homeless Providers Grant and Per Diem
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HUD	U.S. Department of Housing and Urban Development
HUD-VASH	Housing and Urban Development–Veterans Affairs Supportive Housing
IRS	Internal Revenue Service
PBCA	performance-based contract administrator
PHA	public housing agency
PIC	Public and Indian Housing Information Center
QHWRA	Quality Housing and Work Responsibility Act of 1998
ROSS	Resident Opportunities and Self-Sufficiency
TRACS	Tenant Rental Assistance Certification System
VA	U.S. Department of Veterans Affairs
USDA	U.S. Department of Agriculture

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United States Government Accountability Office  
Washington, DC 20548

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August 17, 2007

The Honorable Tim Johnson  
Chairman  
The Honorable Kay Bailey Hutchison  
Ranking Minority Member  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Chet Edwards  
Chairman  
The Honorable Roger F. Wicker  
Ranking Minority Member  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
House of Representatives

Disproportionately large numbers of military veterans have appeared among the homeless population in recent years, raising concerns about the incomes and housing conditions of veterans who rent, rather than own, their homes. According to the Department of Veterans Affairs (VA), on any given night at least 194,000 veterans were homeless in fiscal year 2005—about one-third of the adult homeless population—and many veteran renters could be on the verge of homelessness if they have low incomes or precarious living conditions in overcrowded or substandard housing.<sup>1</sup> The return of more veterans from service in Iraq and Afghanistan—some with significant physical and psychological challenges—could increase demand for affordable housing with supportive services such as mental health and substance abuse treatment. However, neither the VA nor other government agencies report information specifically on the housing conditions or housing costs of veterans who rent.

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<sup>1</sup>We use the Bureau of the Census's definition of a veteran: generally, a person who is 18 years of age or older and has served on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard in the past, but is no longer on active duty. Persons who have served in the National Guard or Military Reserves are classified as veterans only if they have been called or ordered to active duty.

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The Department of Housing and Urban Development (HUD) is the primary federal provider of rental housing assistance through its housing choice voucher, public housing, and project-based programs. Vouchers, which are annually renewable, enable about 2 million households to rent units of their choice in the private market, while public housing and project-based assistance is available to about 2.8 million households in specifically designated units. These programs generally serve low-income households—those with incomes that are 80 percent or less of their local area median incomes (AMI). Assisted households generally pay 30 percent of their monthly incomes, after certain adjustments, in rent, and HUD pays the remainder. Third-party administrators manage the programs on HUD’s behalf—local public housing agencies (PHA) for the voucher and public housing programs and individual private property owners for the project-based programs. PHAs and property owners are responsible for ensuring eligibility and for determining the amounts that tenants contribute toward their rents. However, because the rental assistance programs are not entitlement programs—the extent of assistance is limited by the amount of appropriated funds—not all renter households that are eligible receive assistance. In this report, we refer to households that do not receive rental assistance as “unassisted.”

In 2005, an estimated 6 million unassisted low-income renter households had what HUD termed “worst-case housing needs”—that is, they paid more than half of their income in rent, lived in severely inadequate housing, or both.<sup>2</sup> Many PHAs and property owners have long waiting lists of renters seeking subsidized housing. Within broad program requirements, PHAs and property owners generally have the discretion to use a system of “preferences” to give certain populations—such as the elderly, veterans, or the homeless—priority in receiving assistance as rental units or vouchers become available to new program participants. HUD requires PHAs and property owners to describe their preference policies in their administrative plans—documents required for the voucher and public housing programs—or their tenant selection plans, which are required for the project-based programs. HUD also funds a limited number of supportive services programs for which PHAs and property owners can

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<sup>2</sup>U.S. Department of Housing and Urban Development, “Affordable Housing Needs 2005: Report to Congress” (Washington, D.C.: May 2007). HUD defines rent to be affordable if it is less than or equal to 30 percent of a household’s monthly gross income. Inadequate housing can include units that have electrical or plumbing problems or lack complete kitchen or bathroom facilities. By definition, households that receive rental assistance do not have “worst-case” housing needs.



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apply that pay for service coordinators, economic self-sufficiency initiatives for tenants, and other activities.

The conference report accompanying the Fiscal Year 2006 Military Quality of Life and Veterans Affairs Appropriations Act mandated that we conduct a study on housing assistance to low-income veterans. As agreed with your Subcommittees, our study focuses on low-income veterans who rent their homes. Specifically, this report discusses (1) the income status and demographic and housing characteristics of veteran renter households; (2) how HUD's rental assistance programs treat veteran status (that is, whether a person is a veteran or not) and veteran-specific benefits in determining eligibility and subsidy amounts; (3) the extent to which PHAs and property owners participating in HUD's rental assistance programs establish a veterans' preference in their administrative and tenant selection plans; and (4) the extent to which HUD's rental assistance programs served veteran households in fiscal year 2005.

To determine the income status and demographic and housing characteristics of veteran households, we utilized the Bureau of the Census's (Census) 2005 American Community Survey (ACS), which identified households' veteran status, income, and other demographic characteristics, in conjunction with HUD's defined income categories—low (80 percent of AMI or less), very low (50 percent of AMI or less), and extremely low (30 percent of AMI or less). Using HUD's income limits for calendar year 2005, we estimated, by geographic area, the number of veteran households that were in each income category.<sup>3</sup> We also used information on veteran households in ACS to describe certain demographic characteristics, and the cost and quality of their housing. (Not included in the 2005 ACS survey universe are individuals who live in group quarters—which include college dormitories, correctional facilities, and certain types of nursing facilities and hospitals—or homeless individuals.) Unless otherwise noted, all reported numeric estimates derived from ACS are subject to sampling errors of plus or minus 10 percent or less of the value of those numeric estimates. To determine how HUD's rental assistance programs treat households veteran status in determining eligibility and subsidy amounts, we reviewed HUD's eligibility

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<sup>3</sup>HUD is required by law to set locality-specific income limits that are used to determine eligibility of applicants for HUD's assisted housing programs. HUD develops income limits by categories (for example, 80, 50, and 30 percent of AMI) for each metropolitan area and nonmetropolitan county, adjusted for family size, and for areas that have unusually high or low income-to-housing-cost relationships.

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policies and regulations on rental assistance programs and interviewed officials from HUD and VA. To determine whether PHAs and property owners participating in HUD's programs have established a veterans' preference for households, we conducted interviews with officials from the 41 largest PHAs that administer the public housing program (34 PHAs) and the voucher program (40 PHAs), and from the 13 largest performance-based contract administrators (PBCA) that oversee property management under project-based rental assistance programs.<sup>4</sup> The PHAs and PBCAs that we interviewed were responsible for administering or overseeing more than half of the roughly \$28 billion in assistance provided through the three programs in fiscal year 2005. However, information on preferences is not statistically generalizable to the other PHAs and property owners. Finally, to determine the extent to which HUD's rental assistance programs served veteran households in fiscal year 2005, we matched data from HUD on program participants with data from VA on living veterans and used these matched data to estimate the percentage of low-income veteran renter households that received HUD assistance. For all of our research objectives, we consulted with officials from various housing and veterans groups, including Harvard University's Joint Center on Housing Studies, the National Low Income Housing Coalition, the National Coalition of Homeless Veterans, the Corporation for Supportive Housing, Vietnam Veterans of America, the American Legion, and Volunteers of America.

Appendix I contains a more detailed description of our scope and methodology. We conducted our work in Atlanta, Boston, Chicago, Los Angeles, and Washington, D.C., from March 2006 through July 2007 in accordance with generally accepted government auditing standards.

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## Results in Brief

In 2005, an estimated 2.3 million veteran renter households, or about 53 percent of all veteran renter households nationwide, were low income (their household incomes were 80 percent or less of their areas' median household incomes), and more than half of these low-income households had problems affording their rent. The number of low-income veteran renter households varied considerably by state, from a high of 236,000 in California (representing 10 percent of all low-income veteran renters

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<sup>4</sup>We contacted or visited 41 different PHAs. Of these, 33 PHAs administered both the public housing and voucher programs, 7 administered the voucher program only, and 1 administered the public housing program only.

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nationwide) to less than 6,000 in Wyoming. While the percentages of renter households that were low income varied by state, in no state did the proportion fall below 41 percent. In terms of demographic characteristics, we found the following:

- A significant proportion of low-income veteran renter households included a veteran who was elderly or had a disability.<sup>5</sup> Specifically, an estimated 816,000 (36 percent of these veteran households) had at least one veteran who was elderly (that is, 62 years of age or older); 887,000 (39 percent) had at least one veteran member with a disability.
- An estimated 1.3 million, or about 56 percent of low-income veteran renter households, had housing affordability problems—that is, their rental costs exceeded 30 percent of their household incomes. The extent of housing affordability problems varied significantly by state. For example, Nevada had the highest percentage of low-income veteran renters with affordability problems (about 70 percent), while North Dakota had the lowest percentage (about 37 percent).
- Nationally, a small percentage (less than 3 percent) of low-income veteran renters lived in overcrowded or inadequate housing.

Finally, in general, veteran renter households were less likely to be low income, have affordability problems, or live in overcrowded or inadequate housing than were other (nonveteran) households.

HUD's policies for its three major rental assistance programs generally do not take veteran status into account in determining eligibility or assistance levels, but veterans who meet income and other eligibility requirements can receive assistance. HUD is not required to collect, and does not collect, any information that identifies the veteran status of assisted households. When determining income eligibility and subsidy amounts, HUD generally does not distinguish between income sources that are specific to veterans, such as VA-provided benefits, and other sources of income; rather, HUD takes into account the type of income, such as whether it is recurring or not. For example, when calculating applicants' incomes, HUD excludes most types of VA-provided benefits, such as payments for training and education or health care services, but it includes

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<sup>5</sup>In this report, we consider a veteran renter household to be elderly if at least one veteran member was 62 years or older. A veteran renter household with a disability contains at least one veteran member with a disability as defined by Census.

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veterans' pensions, disability payments, and survivor benefits, which are recurring payments. Finally, although HUD rental assistance programs generally do not target veterans, HUD allocated about 1,800 vouchers in the early 1990s for placing formerly homeless veterans with severe psychiatric or substance abuse disorders into affordable rental housing. However, usage of these vouchers has been declining—as of the end of fiscal year 2006, about 1,000 vouchers remained in use.

The majority of the 41 largest PHAs we contacted have no veterans' preference for admission to their public housing or voucher programs, and all of the 13 largest PBCAs we contacted told us that owners of project-based properties that they oversee generally do not have a veterans' preference. Specifically, according to our interviews with 34 of the largest PHAs that administer public housing programs, 14 (about 41 percent) offered a veterans' preference in fiscal year 2006. Similarly, 13 of the 40 largest PHAs (about 33 percent) that administer the housing choice voucher program offered a veterans' preference. Finally, officials from all of the 13 largest PBCAs told us that owners of project-based properties that they oversee generally do not employ a veterans' preference when selecting tenants.

Low-income veteran households were less likely to receive HUD rental assistance than other low-income households (that is, nonveteran households). Specifically, of all low-income veteran households, an estimated 11 percent received HUD rental assistance in fiscal year 2005, whereas an estimated 19 percent of other low-income households received assistance. Although the reasons for the difference are unclear, based on our analyses and discussions with HUD officials, various factors could influence the percentage of eligible veteran households that receive HUD rental assistance—for example, different levels of need for affordable housing among veteran and other households and PHAs' and property owners' use of a veterans' preference. In fiscal year 2005, at least 250,000 low-income veteran households received rental assistance under HUD's programs—representing about 6 percent of all households that received such assistance. Finally, compared with other (nonveteran) assisted households, veteran-assisted households were as likely to be elderly but were more likely to have a disability.

We provided HUD and VA with a draft of this report for review and comment. In its response, VA agreed with the findings that related to VA and offered no other comments. In a letter from the Deputy Assistant Secretary for Public Housing and Voucher Programs, HUD disagreed with our report's characterization that its policies for its three major rental

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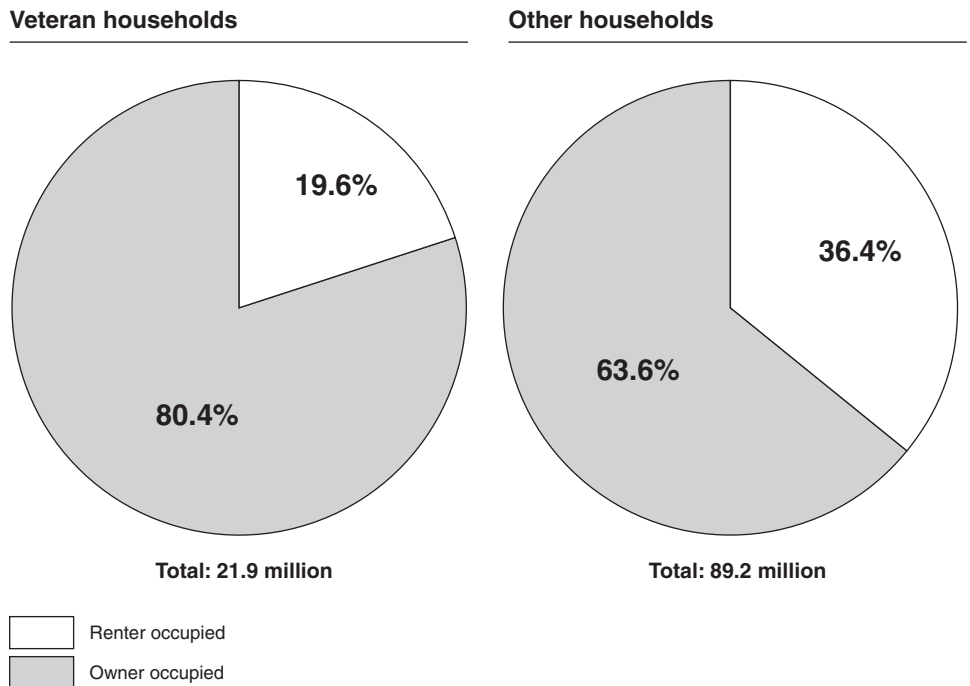
assistance programs generally do not take veteran status into account when determining eligibility or assistance levels, and stated that “HUD cannot mandate that a PHA establish any particular type of preference” for the voucher program. Our report does not state that HUD can mandate preferences for any of the three major rental assistance programs, but rather acknowledges that the Quality Housing and Work Responsibility Act of 1998 repealed federally mandated preferences and provided individual PHAs and property owners with the authority to establish preferences, including a veterans’ preference. Moreover, our report distinguishes between how veteran/nonveteran status affects *eligibility* for HUD programs and whether or not a *preference* is extended once eligibility has been established. In reviewing HUD’s regulations and consulting with agency officials on HUD’s policies we found no evidence that veteran status is a factor in determining eligibility for HUD’s programs, and HUD’s comment letter provided no evidence. Accordingly, we did not make any changes to the report.

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## Background

According to Census data, in 2005 an estimated 21.9 million households, or 20 percent of the 111.1 million households nationwide, were “veteran households”—that is, they had at least one member who was a military veteran. As figure 1 shows, most veteran households—about 80 percent—owned their own homes, a significantly higher percentage than was the case for other (nonveteran) households.

**Figure 1: Percentage of Veteran and Other Households Owning or Renting Homes in 2005**



Source: GAO analysis of sample survey data from 2005 ACS.

Census data also show that renter households were more likely to be low income than were owner-occupied households. In 2005, an estimated 36.8 million households nationwide rented homes, including about 4.3 million veteran households. Approximately 66 percent of renter households were low income; in contrast, 32 percent of homeowners were low income. Many of these households must rent because they lack sufficient income and savings to purchase a home. Furthermore, studies by HUD and others have noted the difficulties many renters face in finding a place with affordable rents because growth in household incomes has not kept pace with rising rents in many markets.

VA, through a variety of programs, provides federal assistance to veterans who are homeless, and also provides homeownership assistance, but does not provide rental assistance. One of the agency's largest programs for homeless veterans is the Homeless Providers Grant and Per Diem (GPD) program, which provides funding to nonprofit and public agencies to help temporarily shelter veterans. GPD funding can be used for purposes such as paying for the construction or renovation of transitional housing and

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reimbursing local agencies for operating the program. In fiscal year 2005, the GPD program spent about \$67 million and had about 8,000 beds that were available to homeless veterans. VA also administers eight other programs for outreach and treatment of homeless veterans.<sup>6</sup> In addition to its homelessness programs, VA provides a variety of programs, services, and benefits to veterans and their families.<sup>7</sup> Included among them are pension payments, disability payments, health care services, training and education allowances, and burial expenses. The VA assists veterans in becoming homeowners through its Home Loan Guaranty program, which offers mortgages with favorable terms, including no down payment, limitations on closing costs, no private mortgage insurance, and easier credit standards to qualify for a loan.

HUD provides rental housing assistance through three major programs—housing choice voucher, public housing, and project-based. In fiscal year 2005, these programs provided rental assistance to about 4.8 million households and paid about \$28 billion in rental subsidies. These three programs generally serve low-income households—that is, households with incomes less than or equal to 80 percent of AMI. Most of these programs have targets for households with extremely low incomes—30 percent or less of AMI. HUD-assisted households generally pay 30 percent of their monthly income, after certain adjustments, toward their unit's rent.<sup>8</sup> HUD pays the difference between the household's contribution and the unit's rent (under the voucher and project-based programs) and the difference between the PHAs' operating costs and rental receipts for public housing.

The housing choice voucher program provides vouchers that eligible families can use to rent houses or apartments in the private housing market. Voucher holders are responsible for finding suitable housing, which must meet HUD's housing quality standards. The subsidies in the voucher program are connected to the household (that is, tenant-based),

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<sup>6</sup>See GAO, *Homeless Veterans Programs: Improved Communications and Follow-up Could Further Enhance the Grant and Per Diem Program*, [GAO-06-859](#) (Washington, D.C.: Sept. 11, 2006).

<sup>7</sup>U.S.C. Title 38, Part II General Benefits, and Part III Readjustment and Related Benefits.

<sup>8</sup>A tenant's rent is based on a family's anticipated gross annual income—that is, income from all sources received by the family head, spouse, and each additional family member who is 18 years of age or older, less applicable exclusions and deductions. There are 44 different types of income exclusions and deductions.

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so tenants can use the vouchers in new residences if they move. The approximately 2,500 PHAs that administer the voucher program are responsible for ensuring that tenants meet program eligibility requirements and that tenant subsidies are calculated properly. PHAs also are required to develop written policies and procedures to administer the program consistently with HUD regulations.

The public housing program subsidizes the development, operation, and modernization of government-owned properties and provides units for eligible tenants in these properties. In contrast to the voucher program, the subsidies in the public housing program are connected to specific rental units (that is, project-based), so tenants receive assistance only when they live in these units. Approximately 3,300 PHAs manage the public housing program on behalf of HUD. PHAs are responsible for ensuring tenant eligibility for the program, properly calculating tenant subsidies, and ensuring that their policies and procedures conform to HUD regulations.

Finally, through a variety of project-based programs, HUD provides rent subsidies in the form of multiyear housing assistance payments to private property owners and managers on behalf of eligible tenants.<sup>9</sup> Tenants may apply for admission to these properties with project-based rental assistance contracts. About 22,000 property owners and managers currently participate in the programs and, similar to PHAs, must ensure tenants meet eligibility requirements, calculate subsidies correctly, and develop administrative policies and procedures that are consistent with HUD regulations.<sup>10</sup> For most of these project-based properties, HUD contracts with PBCAs—typically state and local housing agencies—to oversee property management and process requests for payments from property owners. The PBCAs are also responsible for conducting annual management and occupancy reviews, which include reviewing property owners' tenant selection plans.

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<sup>9</sup>HUD's project-based rental assistance programs include project-based Section 8, Project Rental Assistance Contract (PRAC) under the Section 202 Supportive Housing for the Elderly and the Section 811 Supportive Housing for Persons with Disabilities programs, Rental Assistance Program (RAP), and Rent Supplement.

<sup>10</sup>The Section 8 Moderate Rehabilitation program is an exception because it is administered by PHAs rather than property owners or managers.



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HUD rental assistance programs are not entitlements, and as a result, the amount of funding HUD requests and Congress provides annually limits the number of households that these programs can assist. Historically, funding for these programs has not been sufficient to assist all eligible households. Because the demand for rental assistance outstrips available resources, many PHAs and property owners have waiting lists of applicants seeking rental assistance. PHAs and property owners can use a system of preferences for giving certain populations—such as the elderly, veterans, or the homeless—priority in receiving assistance as units or vouchers become available.

In addition to rental assistance, HUD funds a limited number of supportive services programs. The programs offer counseling, education and job training, mental health services, transportation, and child care, among other services. Generally, PHAs and property owners must apply for funding under these programs. Supportive services not funded by HUD can be made available through partnerships between individual properties, local organizations, and other federal agency programs.

HUD administers other programs that help low-income households, including eligible veteran households, obtain access to affordable rental housing. Our review did not focus on these programs because they make up a relatively small percentage of HUD's funding when compared with the three major rental assistance programs. Further, they are not solely rental assistance programs, but rather serve multiple purposes; for example, the HOME Investment Partnerships Program (HOME) provides formula grants to states and localities to build, acquire, and rehabilitate affordable housing for rent or homeownership. In addition, other federal agencies administer programs that provide forms of rental assistance to eligible populations, such as the Internal Revenue Service's (IRS) Low-Income Housing Tax Credit program and U.S. Department of Agriculture's (USDA) Rural Housing Service programs. The tax credit program funds the development of rental units that are restricted to low-income households for a number of years, while USDA's programs (which are small relative to HUD's programs) fund the development of low-income rental units or subsidize rents in rural areas.

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## More Than Half of Low-Income Veteran Renter Households Had Housing Affordability Problems

Based on our analysis of ACS data, an estimated 2.3 million veteran renter households had low incomes in 2005. The numbers of low-income veteran renter households varied considerably by state, as did the percentages of veteran renter households that were low income. In terms of demographic characteristics, we found that a significant proportion of low-income veteran renter households had a veteran member who was elderly or had a disability.<sup>11</sup> In addition, about 56 percent of low-income veteran renter households had problems affording their rents—that is, their housing costs exceeded 30 percent of household income. Finally, a small percentage of low-income veteran renters lived in overcrowded or inadequate housing.

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## More Than Half of Veteran Renter Households Had Low Incomes

According to our analysis of ACS data, of the 4.3 million veteran households that rented their homes, an estimated 2.3 million, or about 53 percent were low income in 2005. As shown in table 1, the largest share of these 2.3 million households was concentrated in the highest low-income category—that is, 50.1 to 80 percent of AMI—with somewhat small shares in the two lower categories. The table also shows that other renter households (that is, households without a veteran member) were even more likely to be low income than veteran renter households. Specifically, an estimated 22 million, or 68 percent, of the 32.5 million other renter households were low income. Further, the largest share of the 22 million households was concentrated in the lowest income category—that is, 30 percent or less of AMI.

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<sup>11</sup>Census defines disability as a long-lasting sensory, physical, mental, or emotional condition that can make it difficult for a person to perform activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. The condition can impede a person from being able to go outside the home alone or to work at a job or business. The definition includes persons with severe vision or hearing impairments.

**Table 1: Veteran and Other Renter Households, by Income Category, 2005**

Income category (as a percentage of AMI)	Veteran household		Other household	
	Number	Percentage	Number	Percentage
All low income (80% or less)	2,282,720	53%	22,012,930	68%
50.1 to 80%	966,865	22	6,774,065	21
30.1 to 50%	674,085	16	6,101,435	19
30% or less	641,770	15	9,137,430	28
Not low income (greater than 80%)	2,023,755	47	10,452,230	32
<b>Total renter households</b>	<b>4,306,475</b>	<b>100%</b>	<b>32,465,160</b>	<b>100%</b>

Source: GAO analysis of sample survey data from 2005 ACS.

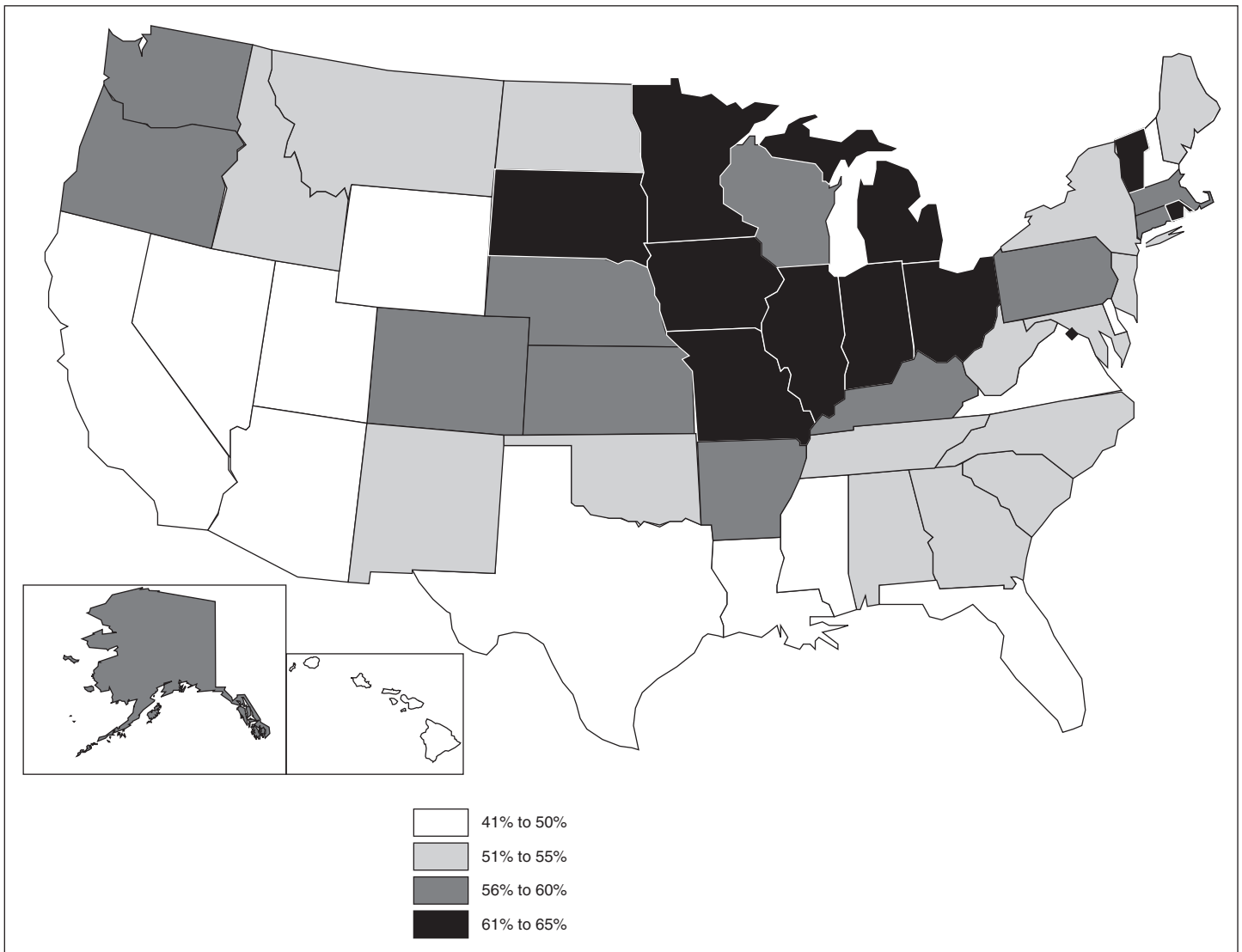
The estimated numbers of low-income veteran renter households in 2005 varied greatly by state, as shown in figure 2. The estimated median number of low-income veteran renters in any state was about 34,000. California had significantly more low-income veteran renter households than any other state—more than 236,000, or about 10 percent of all such households nationwide—followed by Texas with about 142,000, and New York with about 135,000. The states with the smallest number of low-income veteran households were Vermont, Delaware, and Wyoming with less than 6,000 each.<sup>12</sup>

<sup>12</sup>Estimates derived from the ACS, like all survey data, contain sampling errors (that is, such estimates would be different if the survey had selected another sample). Since each sample could have provided different estimates, we express our confidence in the precision of this sample's results as 90 percent confidence intervals. In this report, we express this type of error as a margin of error, which is the difference between an estimate and its upper or lower confidence interval, and we express the margin of error as a percentage. The margins of error were larger for Vermont, Delaware, and Wyoming (exceeding plus or minus 20 percent) than those for the other states because of the relatively small sample size used to derive the estimates (see app. II for margins of error for each state and the District of Columbia).



in appendix II contains more detailed information about the number and percentages of low-income veteran renters in each state and the District of Columbia.

**Figure 3: Percentage of Veteran Renter Households That Were Low-Income, by State, 2005**



Sources: GAO analysis of sample survey data from 2005 ACS; Art Explosion (map).

**More Than One-Third of Low-Income Veteran Renter Households Were Elderly or Had a Disability**

Households with at least one veteran member who was elderly (that is, 62 years of age or older) or had a disability constituted a significant share of all low-income veteran renter households in 2005. Specifically, of the 2.3 million low-income veteran renter households, an estimated 816,000 (36 percent) had a member who was elderly. As shown in table 2, the incomes of these elderly veteran households generally were distributed fairly evenly across the three low-income categories.

In comparison, other (nonveteran) low-income households had a lower percentage of elderly households. About 4 million (18 percent) of the 22 million other low-income renter households were elderly, with most of their income concentrated in the lowest income category.

**Table 2: Percentage of Renter Households That Were Elderly, by Income Category, 2005**

Income category (as a percentage of AMI)	Veteran household		Other household	
	Number	Percentage	Number	Percentage
All low income (80% or less)	816,475	65%	4,024,625	82%
50.1 to 80%	287,170	23	784,940	16
30.1 to 50%	279,880	22	1,197,810	24
30% or less	249,425	20	2,041,875	41
Not low income (greater than 80%)	442,875	35	914,510	19
<b>Total renter households</b>	<b>1,259,350</b>	<b>100%</b>	<b>4,939,135</b>	<b>100%</b>

Source: GAO analysis of sample survey data from 2005 ACS.

Note: Totals may not add due to rounding.

In 2005, an estimated 887,000, or 39 percent, of low-income veteran renter households had at least one veteran member with a disability. Similar to the elderly veteran renter households, the incomes of these households generally were distributed evenly across the different low-income categories (see table 3). In comparison, an estimated 6.8 million, or 31 percent, of other low-income households had a member with a disability. In marked contrast to veteran renter households with a disability, other such renters had household incomes that were considerably more concentrated in the lowest income category.

**Table 3: Percentage of Renter Households with a Disability, by Income Category, 2005**

Income category (as a percentage of AMI)	Veteran household		Other household	
	Number	Percentage	Number	Percentage
All low income (80% or less)	887,130	69%	6,838,515	81%
50.1 to 80%	280,340	22	1,410,350	17
30.1 to 50%	279,925	22	1,791,390	21
30% or less	326,865	25	3,636,775	43
Not low income (greater than 80%)	397,785	31	1,623,495	19
<b>Total renter households</b>	<b>1,284,915</b>	<b>100%</b>	<b>8,462,010</b>	<b>100%</b>

Source: GAO analysis of sample survey data from 2005 ACS.

In addition to the elderly and disability status of veteran households, we also analyzed information on selected other demographic characteristics—including race and ethnicity—of low-income veteran renter households nationally and at the state level. We include these results in appendix II.

### More Than Half of Low-Income Veteran Renters Had Housing Affordability Problems

According to our analysis of ACS data, an estimated 1.3 million low-income veteran households, or about 56 percent of the 2.3 million such households, had rents that exceeded 30 percent of their household income in 2005 (see table 4). These veteran renter households had what HUD terms “moderate” or “severe” problems affording their rent.<sup>13</sup> Specifically, about 31 percent of low-income veteran renter households had moderate affordability problems, and about 26 percent had severe affordability problems. The remainder either paid 30 percent or less of their household income in rent, reported zero income, or did not pay cash rent. In comparison, a higher proportion of other low-income renter households had moderate or severe housing affordability problems. Specifically, of the 22 million other low-income renter households, an estimated 13.9 million, or about 63 percent, had a housing affordability problem, with these households somewhat evenly distributed between those with moderate and severe affordability problems.

<sup>13</sup>HUD classifies a housing affordability problem as “moderate” if housing costs are between 30.1 percent and 50 percent of household income and “severe” if housing costs are more than 50 percent.

**Table 4: Housing Affordability for Low-Income Renter Households, 2005**

Affordability category	Veteran household		Other household	
	Number	Percentage	Number	Percentage
Affordability problem	1,284,540	56%	13,855,530	63%
Moderate	699,470	31	6,260,495	28
Severe	585,070	26	7,595,035	35
No affordability problem	763,640	33	6,264,690	28
Zero income/no cash rent	234,535	10	1,892,710	9
<b>Total</b>	<b>2,282,720</b>	<b>100%</b>	<b>22,012,930</b>	<b>100%</b>

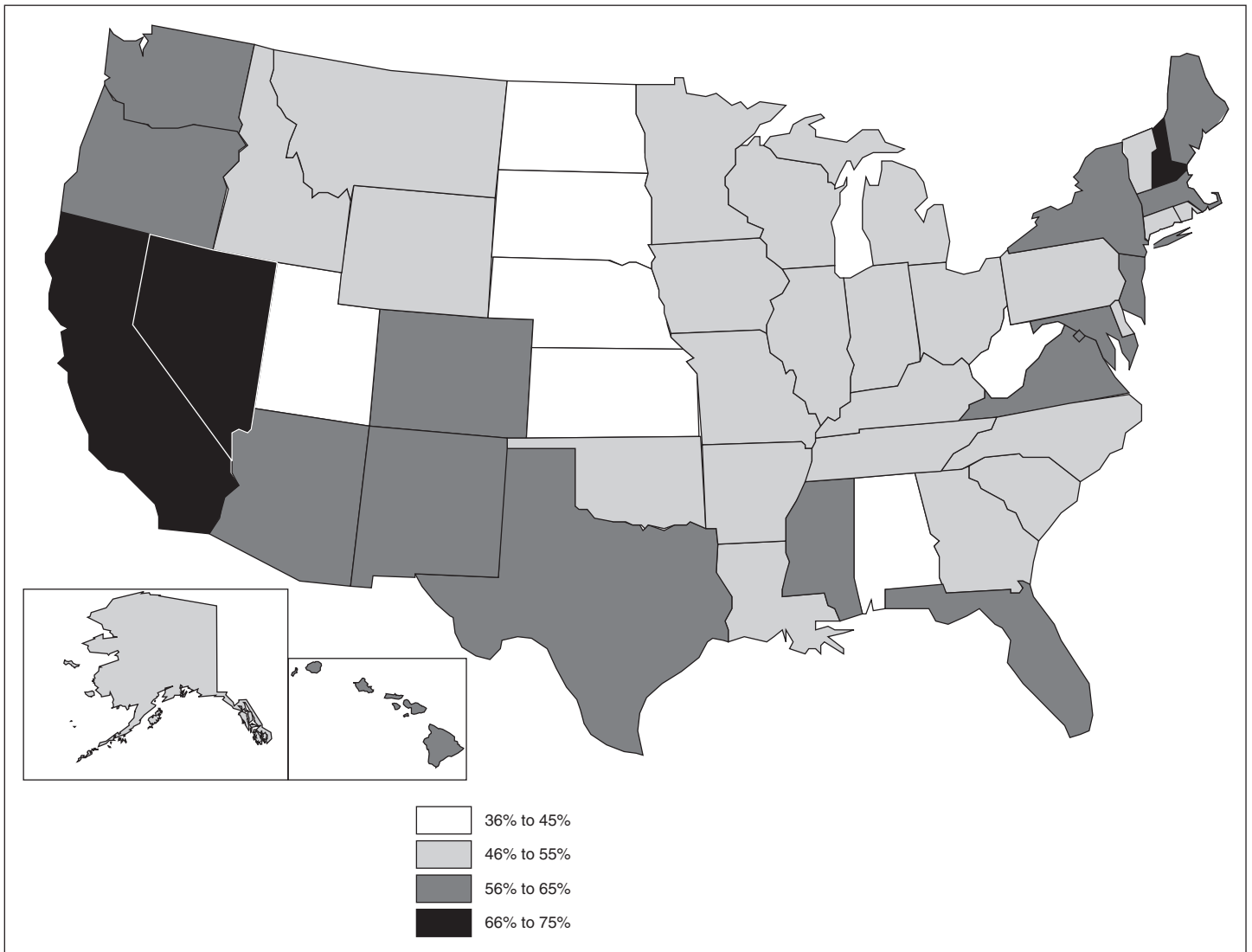
Source: GAO analysis of sample survey data from 2005 ACS.

Note: Totals may not add due to rounding.

The extent of housing affordability problems among low-income veteran renter households varied significantly by state in 2005 (see fig. 4). The median percentage of low-income veteran renters with affordability problems nationwide was 54 percent. California and Nevada had the highest proportions of affordability problems among low-income veteran renter households—about 68 and 70 percent, respectively. North Dakota and Nebraska had the smallest—about 37 and 41 percent, respectively. Table 9 in appendix II contains detailed information on the percentage of low-income veterans with affordability problems by state.



**Figure 4: Percentage of Low-Income Veteran Renter Households with Housing Affordability Problems, by State, 2005**



Sources: GAO analysis of sample survey data from 2005 ACS; Art Explosion (map).

Note: Three states and the District of Columbia had margins of error of more than 10 percentage points (see table 9 in app. II for more detail).

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## Small Percentage of Low-Income Veteran Renter Households Lived in Inadequate Housing

A relatively small percentage of veteran households lived in overcrowded or substandard housing in 2005. Specifically, an estimated 73,000, or 3 percent, of low-income veteran renter households lived in overcrowded housing—housing with more than one person per room—and less than 18,000, or about 1 percent, lived in severely overcrowded housing—housing with more than one and a half persons per room.<sup>14</sup> In contrast, an estimated 1.5 million, or 7 percent, of other low-income renter households lived in overcrowded housing, and about 423,000, or 2 percent, lived in severely overcrowded housing.

Finally, ACS data indicate that a very small share of low-income veteran renters lived in inadequate housing. ACS provides very limited information about the quality of the housing unit; the survey classifies a unit as inadequate if it lacks complete plumbing or kitchen facilities, or both.<sup>15</sup> In 2005, an estimated 53,000, or 2 percent, of low-income veteran renter households lived in inadequate housing. In comparison, an estimated 334,000, or 2 percent, of other households lived in inadequate housing.

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## HUD Rental Assistance Programs Do Not Take Veteran Status into Account When Determining Eligibility or Subsidy Amounts

HUD's rental assistance programs do not take veteran status into account when determining eligibility or calculating subsidy amounts, and HUD does not collect any information identifying whether assisted households have members who are veterans. Veterans can participate in these programs if they meet eligibility requirements. Further, HUD policies generally do not distinguish between income sources that are specific to veterans, such as VA-provided benefits, and other sources of income. Instead, HUD takes into account the type of income, such as whether it is recurring or not. When calculating applicants' incomes, we found that HUD excludes most types of income and benefits that veterans may receive from VA, with the exception of recurring income, such as veterans' pension, disability payments, and survivor benefits. Although HUD's major programs do not take veteran status into account for determining eligibility and subsidy amount, HUD allocated almost 1,800 vouchers that

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<sup>14</sup>HUD's regulation defines housing overcrowding as a housing unit with 1.01 or more persons per room (see 24 C.F.R. 791.402) but does not provide a definition for severe overcrowding. The measure of severe overcrowding to which we refer in this report (1.51 or more persons per room) is commonly used for statistical reporting purposes.

<sup>15</sup>According to ACS, a housing unit has complete plumbing if it has (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower and complete kitchen facilities if it has (1) a sink with piped water, (2) a stove or range, and (3) a refrigerator.

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were specifically targeted to formerly homeless veterans in the early 1990s, but the number of vouchers in use has been declining.

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### HUD's Rental Assistance Programs Are Not Required to Take Veteran Status into Account

HUD's major rental assistance programs are not required to take a household's veteran status into account when determining eligibility and calculating subsidy amounts. Consequently, HUD does not collect any information that identifies the veteran status of assisted households. As with other households, veterans can benefit from HUD rental assistance provided that they meet all of the programs' income and other eligibility criteria. For example, assisted households must meet U.S. citizenship requirements and, for some of the rental assistance programs, HUD's criteria for an elderly household or a household with a disability.

In addition to rental assistance, HUD makes available limited supportive services to some assisted households, typically through separate programs, but like rental assistance, none of these supportive services programs take veteran status into account when determining eligibility. An example is HUD's Multifamily Housing Service Coordinator grant program, which pays for coordinators to assist residents (at properties designated for the elderly and persons with disabilities) in obtaining supportive services from community agencies. (See table 11 in app. III for a description of other programs through which HUD makes supportive services available.) While the programs disregard veteran status, they may provide services to veterans who receive HUD rental assistance. HUD does not collect information identifying veteran households that its supportive services programs serve, but agency officials stated that HUD's supportive services programs likely assist a small number of veterans because the programs serve a relatively small percentage of all assisted households.

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### HUD Generally Does Not Distinguish Between Income Sources That Are Veteran-Specific and Other Types of Income Sources

When determining income eligibility and subsidy amounts, HUD generally does not distinguish between income sources that are specific to veterans, such as VA-provided benefits, and other types of income. HUD policies define household income as the anticipated gross annual income of the household, which includes income from all sources received by the family head, spouse, and each additional family member who is 18 years of age or older. Specifically, annual income includes, but is not limited to, wages and salaries, periodic amounts from pensions or death benefits, and

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unemployment and disability compensation.<sup>16</sup> HUD policies identify 39 separate income sources and benefits that are excluded when determining eligibility and subsidy amounts. These exclusions relate to income that is nonrecurring or sporadic in nature, health care benefits, student financial aid, and assistance from certain employment training and economic self-sufficiency programs.<sup>17</sup>

We found that, based on HUD's policies on income exclusions, most types of income and benefits that veteran households receive from VA would be excluded when determining eligibility for HUD's programs and subsidy amounts. (See table 12 in app. IV for a detailed listing of these benefits). Many of the excluded benefits relate to payments that veteran households receive under certain economic self-sufficiency programs or nonrecurring payments such as insurance claims. Of the benefits included, most are associated with recurring or regular sources of income, such as disability compensation, pensions, and survivor death benefits.

Of the 39 exclusions, we found that two income exclusions specifically applied to certain veteran households but, according to HUD, these exclusions are rarely used. These income exclusions are (1) payments made to Vietnam War-era veterans from the Agent Orange Settlement Fund and (2) payments to children of Vietnam War-era veterans who suffer from spina bifida. The two exclusions are identified in federal statutes that are separate from those authorizing the three major rental assistance programs.<sup>18</sup>

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<sup>16</sup>24 C.F.R. 5.609.

<sup>17</sup>In addition to these 39 income exclusions, program administrators must also apply five income deductions to determine the household's adjusted income—that is, the amount of income used to calculate the household's rental contribution, which include standard amounts for each dependent and for elderly family members and those with disabilities. See 24 C.F.R. 5.611.

<sup>18</sup>Pub. L. Nos. 101-201 and 104-204.

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## HUD Allocated a Limited Number of Vouchers Targeted to Certain Veterans Starting in 1992, but the Number of Vouchers in Use Has Been Declining

Under the Housing and Urban Development-Veterans Affairs Supportive Housing program (HUD-VASH), HUD provides rental assistance vouchers specifically to veterans, but the number of veterans served is extremely small and has been declining in recent years. Established in 1992, HUD-VASH is jointly funded by HUD and VA and offers formerly homeless veterans an opportunity to obtain permanent housing, as well as ongoing case management and supportive services. HUD allocated these special vouchers to selected PHAs that had applied for funding, and VA was responsible for identifying participants based on specific eligibility criteria, including the veteran's need for treatment of a mental illness or substance abuse disorder.<sup>19</sup> After selecting eligible veterans, VA and the PHA worked together to help the veterans use the vouchers to rent suitable housing, and VA provided ongoing case management, health, and other supportive services.

Under the HUD-VASH initiative, HUD allocated 1,753 vouchers from fiscal years 1992 through 1994. HUD funded these vouchers for 5 years and, if a veteran left the program during this period, the PHA had to reissue the voucher to another eligible veteran.<sup>20</sup> VA officials stated that, after the 5-year period ended, PHAs had the option of continuing to use their allocation of vouchers for HUD-VASH, or could discontinue participation whenever a veteran left the program (that is, the PHA would not provide the voucher to another eligible veteran upon turnover). According to VA and HUD officials, after the 5-year period ended, many PHAs decided not to continue in HUD-VASH after assisted veterans left the program; instead, PHAs exercised the option of providing these vouchers to other households under the housing choice voucher program.<sup>21</sup> As a result, the number of veterans that receive HUD-VASH vouchers has declined. Based on VA data, about 1,000 veterans were in the program as of the end of fiscal year 2006, and this number is likely to decline. Specifically, VA officials estimated that the number of veterans served could drop to 400 because PHAs responsible for more than 600 vouchers have decided not to continue providing these vouchers to other veterans as existing participants leave the program.

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<sup>19</sup>The veteran also must meet HUD's eligibility requirements for the housing choice voucher program.

<sup>20</sup>HUD Notices of Funding Availability for the Section 8 Set-Aside for Homeless Veterans with Severe Psychiatric or Substance Abuse Disorders, Fiscal Years 1992, 1993, and 1994.

<sup>21</sup>According to the VA, veterans receiving HUD-VASH vouchers may leave the program because, for example, they no longer need or qualify for assistance.

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Congress permanently authorized HUD-VASH as part of the Homeless Veterans Comprehensive Assistance Act of 2001.<sup>22</sup> Under the act, Congress also authorized HUD to allocate 500 vouchers each fiscal year from 2003 through 2006—a total of 2,000 additional vouchers. In December 2006, Congress extended this authorization through fiscal year 2011—allocating a total of 2,500 vouchers or 500 each year. However, HUD has not requested, and Congress has not appropriated, funds for any of the vouchers authorized from fiscal years 2003 through 2007.<sup>23</sup>

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## Most Contacted Housing Agencies and Owners of Project-Based Properties Did Not Offer a Veterans' Preference for Admission to HUD's Rental Assistance Programs

Less than half of the 41 largest PHAs we contacted employed a veterans' preference for admission to their public housing or voucher programs, while the 13 largest PBCAs we contacted reported that owners of project-based properties that they oversee generally did not use a veterans' preference. HUD allows, but does not require, PHAs and property owners to establish preferences to better direct resources to families with the greatest housing needs in their area. HUD does not aggregate information on the extent to which PHAs and property owners use preferences. Our review showed that 29 of the 34 largest PHAs that administered public housing programs in fiscal year 2006 offered preferences and, of these, 14 offered a veterans' preference. Similarly, 34 of the 40 largest PHAs that administered the housing choice voucher program in fiscal year 2006 offered preferences and, of these, 13 offered a veterans' preference. Finally, officials from the 13 largest PBCAs told us that, in their experience, owners of project-based properties that they oversee generally did not employ a veterans' preference when selecting tenants.

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## Public Housing Agencies and Property Owners May Establish Preferences to Meet Local Needs but Are Not Required to Do So

Currently, HUD's policies give PHAs and owners of project-based properties the discretion to establish preferences for certain groups when selecting households for housing assistance. Preferences affect only the order of applicants on a waiting list for assistance; they do not determine eligibility for housing assistance. Before 1998, federal law required PHAs and property owners to offer a preference to eligible applicants to their subsidized housing programs who (1) had been involuntarily displaced,<sup>24</sup>

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<sup>22</sup>Pub. L. No. 107-95.

<sup>23</sup>The House and Senate bills for HUD's fiscal year 2008 appropriations (H.R. 3074 and S. 1789) appropriate monies for additional HUD-VASH vouchers.

<sup>24</sup>Qualifying conditions under this preference included displacements caused by disaster, government action, hate crime, and domestic abuse, and to avoid reprisals.

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(2) were living in substandard housing,<sup>25</sup> or (3) were paying more than half their income for rent. PHAs were required by law to allocate at least 50 percent of their public housing units and 90 percent of their housing choice vouchers to applicants who met these criteria. Similarly, project-based owners had to allocate 70 percent of their units to newly admitted households that met these criteria. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) gave more flexibility to PHAs and project-based property owners to administer their programs, in part by eliminating the mandated housing preferences.<sup>26</sup> Although it gave PHAs and owners more flexibility, QHWRA required that PHAs and owners target assistance to extremely low-income households.<sup>27</sup>

Under QHWRA, PHAs and owners of project-based properties may, but are not required to, establish preferences to better direct resources to those with the greatest housing needs in their areas. PHAs can select applicants on the basis of local preferences provided that their process is consistent with their administrative plan.<sup>28</sup> HUD policy requires PHAs to specify their preferences in their administrative plans, and HUD reviews these preferences to ensure that they conform to nondiscrimination and equal employment opportunity requirements. Similarly, HUD policy allows owners of project-based properties to establish preferences as long as the preferences are specified in their written tenant selection plans.<sup>29</sup>

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<sup>25</sup>According to HUD, a unit is substandard if it is dilapidated; does not have operable indoor plumbing; does not have a usable flush toilet inside the unit for exclusive use of the family; does not have electricity, or has inadequate or unsafe electrical service; does not have a safe or adequate source of heat; should, but does not, have a kitchen; or has been declared unfit for habitation by an agency or unit of government. In addition, if an applicant is a homeless family, that family is considered to be living in substandard housing.

<sup>26</sup>The use of the federal preference requirement was temporarily suspended by the continuing resolution enacted in January 1996 through the appropriations act for fiscal year 1998.

<sup>27</sup>Specifically, QHWRA required that not less than 75 percent of new program participants under the voucher program and not less than 40 percent under the public housing and project-based Section 8 programs be extremely low income.

<sup>28</sup>A PHA's administrative plan is a comprehensive guide to the agency's policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the plan: (1) the 5-Year Plan, which each PHA submits to HUD once every fifth PHA fiscal year and (2) the Annual Plan, which is submitted to HUD every year.

<sup>29</sup>A tenant selection plan is a comprehensive guide that describes the owners' tenant selection policies and procedures. These plans include descriptions of the eligibility requirements and income limits for admission.

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While HUD requires PHAs and property owners to disclose their preferences in their administrative or tenant selection plans, HUD officials said the department does not compile or systematically track this information because PHAs and property owners are not required to have preferences. However, HUD may examine the use of preferences as part of specific studies or reports. For example, HUD discussed the use of preferences by PHAs in its November 2000 report on the use of discretionary authority in the housing choice voucher program. HUD reported that about 71 percent of the 1,684 PHAs that were reviewed used admission preferences for the housing choice voucher program.<sup>30</sup> Further, the study also found that PHAs offered need-based preferences, as well as other local preferences, including those for households achieving self-sufficiency, but the report did not discuss whether the PHAs used a veterans' preference.

While HUD's policies give PHAs the discretion to establish preferences for certain groups when selecting households (including those with veterans) for housing assistance, recent proposed legislation would develop and expand permanent housing opportunities for very low-income veterans.<sup>31</sup> Specifically, legislation introduced in the Senate requires that, among other things, PHAs and states and localities include veterans as a special needs population in their PHA plans and comprehensive housing affordability strategies.

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### Although Most Contacted PHAs Offered Preferences for Admission to Subsidized Housing, Less Than Half Offered a Veterans' Preference

Most of the 41 PHAs we contacted used a preference system for admission to their public housing and housing choice voucher programs, but less than half offered a veterans' preference. As shown in table 5, of the 34 largest PHAs that administered the public housing program, 29 established preferences for admission to the program and 14 used a veterans' preference. Similarly, of the 40 PHAs that administered the housing choice voucher program, 34 used admission preferences, and 13 employed a preference for veterans. According to PHA officials, the most common preferences used for both programs were for working families, individuals

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<sup>30</sup>U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *"The Use of Discretionary Authority in the Tenant-Based Section 8 Program"* (Washington, D.C.: 2000).

<sup>31</sup>During the 109th Congress, this legislation was introduced in both the Senate and the House of Representatives (S. 3475 and H.R. 5561). On April 10, 2007, the legislation was reintroduced in the Senate (S. 1084).



who were unable to work because of age or disability, and individuals who had been involuntarily displaced or were homeless. Of course, veterans could benefit from these admission preferences if they met the criteria.

**Table 5: Number of Contacted PHAs That Used a Preference System in Their Public Housing and Housing Choice Voucher Programs**

<b>PHAs' use of preferences</b>	<b>Public housing</b>	<b>Vouchers</b>
PHAs with a preference system	29	34
With a veterans' preference	14	13
Without a veterans' preference	15	21
PHAs with no preference system	5	6
<b>Total PHAs</b>	<b>34</b>	<b>40</b>

Source: GAO.

Note: Of the 41 PHAs we contacted or visited, 7 did not administer a public housing program, and 1 did not administer a voucher program.

Some of the PHAs we contacted offered a veterans' preference because their states required them to do so. Other PHA officials told us they offered a veterans' preference because they believed it was important to serve the needs of low-income veterans since they had done so much for the well-being of others. PHAs that we contacted that did not offer a veterans' preference gave various reasons for their decisions. Some officials told us that the PHA did not need a veterans' preference because veteran applicants generally qualified under other preference categories, such as elderly or disabled. One PHA official we contacted said a veterans' preference was not needed because of the relatively small number of veterans in the community.

Because PHAs can employ multiple preferences, many of the PHAs that have a preference system weight or rank the preferences they use—that is, they give greater weight to an applicant who falls within a particular category—to determine position on the waiting list. Almost two-thirds of the PHAs we contacted that administer a preference system for their public housing programs weight or rank preferences. Nevertheless, only four of these weighted systems allow for veterans to receive priority over other populations who received other preferences. Similarly, a little more than half of the PHAs who use preferences for their housing choice voucher programs weighted or ranked preferences. But only three of these PHAs gave priority to veterans over other populations that also were eligible to receive a preference. The remaining PHAs that have a preference system for their public housing or housing choice voucher

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programs told us that they either assigned equal weight to the preferences they offered, or used date and time or a lottery system to determine the order in which they selected applicants from waiting lists.

In a 2004 examination of PHAs' waiting lists, the National Low Income Housing Coalition found that more than three-quarters of the agencies that it reviewed used preferences for specific categories of applicants to order waiting lists for their public housing and housing choice voucher programs.<sup>32</sup> In addition, the study found that less than one-quarter of the agencies used a veterans' preference to determine the order of their waiting lists. Specifically, a little less than 25 percent of the PHAs that administered a public housing program had a veterans' preference, while 20 percent of the PHAs that ran housing choice voucher programs used such a preference. Furthermore, the study found that PHAs most commonly gave preferences to applicants who were employed, involuntarily displaced from previous housing, victims of domestic violence, or residents of the PHA's jurisdiction.

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### PBCAs Said That Owners of Project-Based Properties Generally Did Not Use a Veterans' Preference When Selecting Tenants

According to all of the PBCAs we contacted, owners of project-based properties that they oversee generally did not employ a veterans' preference when selecting tenants. Ten of the 13 largest PBCAs told us, based on their review of property owners' tenant selection plans, that owners of project-based properties generally did not employ preferences for any specific population.<sup>33</sup> Officials from the remaining three PBCAs said they were aware of some property owners offering preferences to individuals who had been involuntarily displaced, working families, or those unable to work because of age or disability. However, all the PBCAs we contacted either said that property owners did not use preferences or agreed that the use of preferences, including a veterans' preference, among owners of properties with project-based assistance was limited. HUD officials to whom we spoke also stated, based on their experience with tenant selection plans, that the use of preferences at project-based properties likely was infrequent.

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<sup>32</sup>National Low Income Housing Coalition, *A Look at Waiting Lists: What Can We Learn from the HUD Approved Annual Plans?*, NLIHC Research Note 04-03 (Washington, D.C.: 2004).

<sup>33</sup>According to HUD policy, a preference for households that are involuntarily displaced by government action or natural disaster generally applies to properties that have a HUD-insured mortgage.

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Although most PBCAs stated that property owners did not generally employ preferences, the use of such preferences can vary significantly even within one PBCA's portfolio of properties. For example, a PBCA official said that the demand for subsidized housing can influence whether owners use preferences. Properties in communities with a high demand for subsidized housing may need to establish preferences to manage waiting lists, and those in communities with low demand may not need to use preferences.

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## Veteran Households Were Less Likely to Receive HUD Rental Assistance Than Other Low-Income Households

Our analysis of ACS, HUD, and VA data shows that, in 2005, low-income veteran renter households were less likely to receive rental assistance than other low-income households. An estimated 11 percent of all low-income veteran renter households received HUD rental assistance, compared with 19 percent of other low-income households. Although the reasons for this difference are unclear, various factors—such as different levels of need for affordable housing among veteran and other households—could contribute to the disparity. In 2005, at least 250,000 low-income veteran households received rental assistance under HUD's programs—representing about 6 percent of all households that received such assistance. The demographic characteristics of these veteran-assisted households differed somewhat from those of other (nonveteran) assisted households; for example, veteran-assisted households were more likely to have a disability compared with other assisted households.

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## Eleven Percent of All Low-Income Veteran Households Received HUD Rental Assistance Compared with 19 Percent of Other Low-Income Households

Low-income veteran renter households were less likely to receive HUD rental assistance than other households. As shown in table 6, of the total 2.3 million veteran renter households with low incomes, at least 250,000 (or 11 percent) received HUD assistance. In comparison, of the 22 million other renter households with low incomes, 4.1 million (about 19 percent) received HUD assistance.<sup>34</sup> (As noted previously, although HUD is the largest provider of federal rental housing assistance to low-income households, it is not the sole source of such assistance. Thus, these percentages likely understate the actual share of all eligible veteran renter households that receive federal rental assistance.)

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<sup>34</sup>Since a significant portion of HUD-assisted households have very low- and extremely low-incomes, we also estimated the share of veteran renter households in these two income categories and found that about 19 percent of them received HUD assistance (compared with about 27 percent of other households).

**Table 6: Estimated Number of Low-Income Veteran and Other Renter Households, by HUD Assistance, 2005**

Households in thousands	Veteran household		Other household	
	Number	Percentage	Number	Percentage
HUD assisted	254	11%	4,147	19%
Unassisted	1,794	78	15,933	73
With an affordability problem	1,285	56	13,856	63
Without an affordability problem <sup>a</sup>	509	22	2,117	10
Other <sup>b</sup>	235	10	1,893	9
<b>Total<sup>c</sup></b>	<b>2,283</b>	<b>100%</b>	<b>22,013</b>	<b>100%</b>

Sources: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem, HUD's Public Housing Information Center and Tenant Rental Assistance Certification System, and sample survey data from 2005 ACS.

<sup>a</sup>ACS does not identify households that receive federal rental assistance. Therefore, to determine the number of unassisted low-income households without an affordability problem, we took the difference between the number of HUD-assisted households derived from HUD data systems and ACS' reported number of low-income renter households without an affordability problem. We assumed that HUD-assisted households were included in ACS data among those households that did not have an affordability problem.

<sup>b</sup>"Other" includes households that reported zero income or paid no cash rent.

<sup>c</sup>Household counts and percentages may not add due to rounding.

The reasons why other households were nearly twice as likely as veteran households to receive HUD assistance are unclear. But, based on our analyses and discussions with agency officials, some potential explanations include (1) differences in the extent of housing needs between veteran and other households, (2) infrequent use of a veterans' preference by PHAs and property owners, and (3) statutory requirements for targeting extremely low-income households. First, as discussed earlier in this report, although a significant proportion of low-income veteran households face affordability problems, an even larger proportion of other (nonveteran) households face more severe affordability problems. Thus, the level of veteran demand for rental assistance may be lower than that of nonveteran households. Second, and again as discussed earlier in this report, HUD rental assistance programs do not take veteran status into account when determining eligibility, and most PHAs and property owners do not offer a veterans' preference. As a result, these policy decisions likely focus resources on other types of low-income households with housing needs. Third, although low-income households generally are eligible to receive rental assistance from HUD's three programs, statute requires that a certain percentage of new program participants must be extremely low income. These targeting requirements may lead to a higher share of HUD rental assistance going to nonveteran households because

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veteran households generally are less likely to fall within the extremely low-income category.

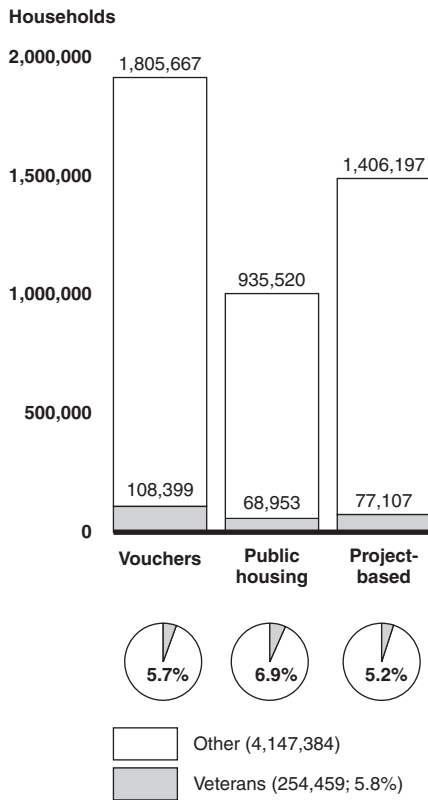
According to HUD, other federal rental assistance programs (such as IRS's Low-Income Housing Tax Credit, HUD's HOME, and USDA's rental assistance programs) also can provide assistance to veterans. Thus, the share of veterans receiving HUD rental assistance does not reflect the share of veterans that receive some other form of federal rental assistance. Furthermore, according to HUD, veterans may be more likely to receive rental assistance from some of these other programs, in part because these other programs do not target extremely low-income households as do HUD's voucher, public housing, and project-based programs. However, data are not available to determine the extent to which veterans may be benefiting from other forms of federal rental assistance.

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### **An Estimated 6 Percent of All HUD-Assisted Households Were Veteran Households**

In fiscal year 2005, HUD's rental assistance programs reached an estimated 250,000 low-income veteran households, which constituted approximately 6 percent of all HUD-assisted households. The housing choice voucher program served the largest number of veteran households, followed by the project-based program, and the public housing program (see fig. 5). However, a slightly higher proportion of veteran households participated in the public housing program (6.9 percent) than participated in the voucher (5.7 percent) and project-based (5.2 percent) programs.

**Figure 5: Number and Percentage of Low-Income Veteran Households Assisted by the Voucher, Public Housing, and Project-Based Programs, Fiscal Year 2005**



Sources: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem and HUD's Public Housing Information Center and Tenant Rental Assistance Certification System.

**Compared with Other Households, Veterans Who Received HUD Assistance Were as Likely to Be Elderly but More Likely to Have a Disability**

We found some similarities in the demographic characteristics of veterans and other assisted households we analyzed. For example, compared with other assisted households, HUD-assisted veteran households were as likely to be elderly. Specifically, in fiscal year 2005, about 75,000, or 30 percent, of assisted veteran households were elderly, and about 1.3 million, or 31 percent, of other assisted households were elderly. About 40,000, or 54 percent, of these elderly veteran households received assistance through project-based programs. Public housing provided rental assistance to about 20,000 elderly veteran households and vouchers to about 15,000.

HUD-assisted veteran households were more likely to have a disability. In fiscal year 2005, HUD provided assistance to about 88,000 veteran

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households with a disability, or about 34 percent of assisted veteran households. In comparison, 1.2 million or 28 percent of other assisted households had a disability. Among veteran households with a disability, about 41,000 (or 46 percent) received assistance from vouchers. Public housing and project-based programs each provided rental assistance to less than one-third of these households with a disability (about 24,000 and 23,000, respectively). Appendix V contains more detailed information about the number and percentages of HUD-assisted veteran households in each state and the District of Columbia.

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## Agency Comments and Our Evaluation

We provided VA and HUD with a draft of this report for review and comment. In an e-mail from its Office of Congressional and Legislative Affairs, VA agreed with the findings that related to VA and offered no other comments. HUD provided comments in a letter from the Deputy Assistant Secretary for Public Housing and Voucher Programs, Office of Public and Indian Housing; this letter is reprinted in appendix VI.

The Assistant Secretary's letter states that "HUD objects to the characterization that policies for its three major rental assistance programs generally do not take veteran status into account when determining eligibility or assistance levels[,] and notes that "HUD cannot mandate that a PHA establish any particular type of preference" for their voucher program. Our report does not state that HUD can mandate preferences for any of the three major rental assistance programs but rather acknowledges that the Quality Housing and Work Responsibility Act of 1998 repealed federally mandated preferences and provided individual PHAs and property owners with the authority to establish preferences, including a veterans' preference. Furthermore, how veteran/nonveteran status affects *eligibility* for HUD programs is distinct from whether or not a *preference* is extended once eligibility has been established. As our report states, our reporting objectives addressed both of these issues: (1) how HUD's rental assistance programs treat veteran status (that is, whether a person is a veteran or not) and veteran-specific benefits in determining eligibility and subsidy amounts and (2) the extent to which PHAs and property owners participating in HUD's rental assistance programs establish a veterans' preference in their administrative and tenant selection plans. In our review of program eligibility policies and regulations and interviews with agency officials, we found no evidence that veteran status is a factor in determining eligibility for HUD's programs, and HUD's comment letter did not provide any evidence. Accordingly, we did not change our report in this regard.

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Our report states that, in determining eligibility for its programs, HUD generally does not distinguish between income that is specific to veterans and other sources of income. In its comments, HUD stated that the department's policies exclude specific types of benefits that some veterans may receive, such as health care benefits and income from job training programs. Our report acknowledges that certain types of veteran-specific income sources are considered as income for determining eligibility and subsidy amounts, but notes that it is the *type* of income that matters—such as whether or not it is recurring—not the source. Our report specifically states that “when calculating applicants’ incomes, HUD excludes most VA-provided benefits, such as payments for training and education or health care services, but includes veterans’ pensions, disability payments, and survivor benefits, which are recurring payments.” Accordingly, we did not change our report in response to HUD’s comment.

HUD also commented on our methodology for estimating the extent of veterans being served in HUD’s programs. Specifically, HUD noted that since information for all veterans in VA’s database may not be complete, our estimate of 250,000 veterans assisted by HUD’s programs in 2005 would be affected. As our report states, we matched data from HUD on program participants with data from VA on living veterans using unique identifying information and used these matched data to estimate the percentage of low-income veteran renter households that receive HUD rental assistance. Our report notes that this could be an underestimate of the actual number of veteran households in the programs because of incomplete or erroneous data in either VA’s or HUD’s databases. In cases where we had incomplete information, such as missing Social Security numbers, we attempted alternate ways of identifying HUD-assisted veteran households, including matching records using both names and date of birth only. We continue to believe that our estimate is a reasonable measure of the extent to which HUD-assisted households are veteran households. However, in response to HUD’s comment, we changed our report to say “at least 250,000” in order to acknowledge the possible undercount.

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We are sending copies of this report to interested Members of Congress, the Secretary of Housing and Urban Development, and the Secretary of Veterans Affairs. We also will make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.



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Please contact me at (202) 512-8678 or [woodd@gao.gov](mailto:woodd@gao.gov) if you or your staff has any questions about this report. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix VII.

David G. Wood

David G. Wood  
Director, Financial Markets and  
Community Investment

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# Appendix I: Scope and Methodology

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The Department of Housing and Urban Development's (HUD) housing assistance programs in our scope include the three major rental assistance programs—housing choice voucher (voucher), public housing, and project-based programs (including the project-based Section 8, Section 202 Supportive Housing for the Elderly, and Section 811 Supportive Housing for Persons with Disabilities programs).

To determine the income status and demographic and housing characteristics of veteran households, we analyzed data from the U.S. Bureau of the Census's (Census) 2005 American Community Survey (ACS), which identified households' veteran status, income, and other demographic characteristics, in conjunction with HUD's defined income categories: low (80 percent or less of area median income or AMI), very low (50 percent or less of AMI), and extremely low (30 percent or less of AMI).

ACS is an annual survey conducted by Census to obtain current information about the demographic, socioeconomic, and housing characteristics of all U.S. communities nationwide. ACS is scheduled to replace the traditional long-form survey in the decennial census, beginning in 2010. As of January 2005, ACS collected information for 3,141 counties, American Indian reservations, Alaska Native tribal areas, and Hawaiian homelands in the United States.

Using HUD's income limits for fiscal year 2005, we estimated, by geographic area, the number of veteran households that were in each income category.<sup>1</sup> We also used information on veteran households in ACS to describe their demographics, as well as the cost and quality of their housing. Specifically, we obtained information on the household's tenure (renter- or owner-occupied), disability status, elderly status, race and ethnicity, housing affordability categories (for example, households that paid 30 percent or less, 30.1 to 50 percent, and more than 50 percent of household income in rent), extent of overcrowding, and indicators of housing quality. Census prepared tabulations of these results based on our specifications.

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<sup>1</sup>HUD is required by law to set locality-specific income limits that are used to determine eligibility of applicants for HUD's assisted housing programs. HUD develops income limits by categories (for example, 80, 50, and 30 percent of AMI) for each metropolitan area and nonmetropolitan county, adjusted for family size and for areas that have unusually high or low income-to-housing cost relationships.

ACS is the largest household survey in the United States, with an annual sample size of about 3 million addresses. The ACS survey uses probability sampling, which helps ensure the integrity of sample survey results and that they are representative. Because a survey produces estimates of the whole population using only a portion of the population, all survey estimates contain sampling errors. This means that the estimates derived from the sample would be different if the survey had selected another sample. Since each sample could have provided different estimates, we express our confidence in the precision of this sample's results as 90 percent confidence intervals.<sup>2</sup> This is the interval that would contain the actual population value for 90 percent of the samples that could have been drawn. As a result, we are 90 percent confident that each of the confidence intervals will include the true values in the study population. In this report, instead of providing the upper and lower confidence bounds, we provide margin of error, which is the difference between an estimate and its upper or lower confidence bound. We express margin of error as a percentage (for example, plus or minus 7 percent).

The sample for the 2005 ACS does not contain information on all veterans in the United States. Specifically, the sample design does not include individuals who live in group quarters—which include college dormitories, correctional facilities, and certain types of nursing facilities and hospitals—or homeless individuals. As a result, ACS likely underestimates the number of veterans to the extent that veterans live in group quarters or are homeless.

We assessed the reliability of the data we received from Census by reviewing relevant documentation, interviewing knowledgeable officials, performing electronic testing of the data, and replicating published tables. In addition, we reviewed Census' quality review process to ensure the completeness and accuracy of the tabulation that Census prepared at our request. We determined that the data are reliable for the purposes of this report.

To determine whether HUD's rental assistance programs take veteran status into account when determining eligibility and subsidy amount, we reviewed HUD's policies and regulations for the voucher, public housing, and project-based programs. To assess how these programs treat veteran-

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<sup>2</sup>In its published estimates derived from ACS, Census reports the magnitude of sampling error based on a 90 percent confidence level.

specific income and benefits, we reviewed HUD's policies and regulations that define annual income, which is used to determine eligibility and calculate subsidy amounts. We also interviewed officials from HUD and the Department of Veterans Affairs (VA).

To determine whether public housing agencies (PHA) and property owners participating in HUD's programs have established a veterans' preference, we interviewed officials from the 41 largest PHAs that administer the public housing program (34 PHAs) and the voucher program (41 PHAs) and the 13 largest performance-based contract administrators (PBCA) that oversee property management under the project-based rental assistance programs.<sup>3</sup> Specifically, the PHAs and PBCAs that we interviewed were responsible for administering or overseeing more than half of the dollar assistance provided through each of the three programs in fiscal year 2005. However, the information on preferences cannot be statistically generalized to the other PHAs and property owners. We reviewed HUD's policies and regulations for establishing preferences and obtained information from officials on the extent to which preferences, particularly a veterans' preference, were used for tenant selection purposes. Additionally, we obtained and analyzed studies by HUD and others on the use of preferences in general.

To determine the extent to which HUD's rental assistance programs served veteran households in fiscal year 2005, we matched data from HUD on program participants with data from VA on living veterans and used these matched data to estimate the percentage of low-income veteran renter households that received HUD assistance. To determine the extent to which veteran households were served by HUD's rental assistance programs, we obtained information on households receiving rental assistance from HUD's administrative databases—Public and Indian Housing Information Center (PIC) and Tenant Rental Assistance Certification System (TRACS), as of September 30, 2005, and information on all living veterans from VA's Beneficiary Identification and Records

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<sup>3</sup>We contacted or visited 41 different PHAs. Of these, 33 PHAs administered both public housing and voucher programs, 7 administered voucher programs only, and 1 administered public housing programs only.

Location Subsystem (BIRLS), as of October 1, 2004.<sup>4</sup> We matched data from HUD on program participants with data from VA on living veterans. Specifically, we matched the Social Security numbers, first and last names, and date of birth of the assisted households in PIC and TRACS with the corresponding information for veterans in BIRLS. For the records in PIC and TRACS that were matched to BIRLS, about 65 percent matched on Social Security number, first and last names, and date of birth; about 30 percent matched on Social Security number and some combination of names and date of birth; and about 5 percent matched on names and date of birth only. We used the resulting matched information to determine the number of veteran households that received rental assistance from HUD and the annual subsidy amount that HUD paid to veteran households in 2005. Our totals of HUD-assisted veteran households could underestimate the actual number of veteran households in the programs because of a lack of complete information on all living veterans in the data we obtained from VA. For example, Social Security numbers, which we used to match VA and HUD data, may not have been available for all veterans who served in the 1970s or earlier. However, we attempted to adjust for this by also conducting a match on veterans' names and dates of birth only. Data entry errors in both VA and HUD systems also could contribute to fewer successful matches.

To assess the reliability of the HUD data from the PIC and TRACS databases, and the VA data from the BIRLS database, we reviewed relevant documentation, interviewed knowledgeable officials, and conducted electronic testing of the data. We determined the data were sufficiently reliable for us to identify veterans who received assistance through HUD rental programs.

For all of our research objectives, we consulted with officials from various housing and veterans groups, including Harvard University's Joint Center on Housing Studies, the National Low Income Housing Coalition, the National Coalition of Homeless Veterans, the Corporation for Supportive Housing, Vietnam Veterans of America, the American Legion, and Volunteers of America. We also surveyed the literature on these topics.

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<sup>4</sup>PIC is the automated HUD system that PHAs use to submit information to HUD on households receiving voucher and public housing rental assistance. TRACS is HUD's automated system for collecting and maintaining rental assistance data from property owners and contract administrators on individuals residing in multifamily housing projects. BIRLS is VA's computerized system of veterans and beneficiary records, and it contains personal and military service data.

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We conducted our work primarily in Atlanta, Boston, Chicago, Los Angeles, and Washington, D.C., from March 2006 through July 2007 in accordance with generally accepted government auditing standards.

# Appendix II: Demographic and Housing Characteristics of Low-Income Veteran Renters

**Table 7: Number of Low-Income Renter Households by Household Characteristics, 2005**

Characteristics	Veteran household		Other household	
	Number	Percentage	Number	Percentage
<b>Race and ethnicity</b>				
White, Non-Hispanic/Latino	1,567,625 (±1%)	69% (±0.5)	11,259,715 (±0.6%)	51% (±0.2)
Black or African-American, Non-Hispanic/Latino	452,200 (±3%)	20 (±0.5)	4,880,335 (±1%)	22 (±0.2)
American Indian and Alaska Native, Non-Hispanic/Latino	27,890 (±9%)	1 (±0.1)	191,995 (±4%)	1 (±0.0)
Asian, Non-Hispanic/Latino	31,605 (±10%)	1 (±0.1)	935,765 (±2%)	4 (±0.1)
Native Hawaiian and Other Pacific Islander, Non-Hispanic/Latino	3,550 (±34%)	0 (±0.1)	36,525 (±10%)	0 (±0.0)
Other (including some other race and two or more races), Non-Hispanic/Latino	45,195 (±9%)	2 (±0.2)	358,310 (±3%)	2 (±0.1)
Hispanic or Latino	154,645 (±5%)	7 (±0.3)	4,350,295 (±1%)	20 (±0.2)
<b>Household size</b>				
1 person	995,620 (±2%)	44 (±0.6)	9,086,420 (±0.7%)	41 (±0.2)
2 persons	694,420 (±2%)	30 (±0.5)	4,978,185 (±1.0)	23 (±0.2)
3 persons	240,765 (±4%)	11 (±0.4)	3,343,150 (±1%)	15 (±0.2)
4 persons	190,650 (±4%)	8 (±0.4)	2,487,920 (±1%)	11 (±0.1)
5 persons	95,660 (±6%)	4 (±0.2)	1,282,555 (±2%)	6 (±0.1)
6 persons	43,965 (±9%)	2 (±0.2)	535,290 (±3%)	2 (±0.1)
7 persons or more	21,635 (±14%)	1 (±0.1)	299,425 (±4%)	1 (±0.1)
<b>Housing overcrowding</b>				
Less than or equal to 1.01 (person per room)	2,209,240 (±1%)	97 (±0.2)	20,469,770 (±0.5%)	93 (±0.1)
Greater than 1.01 and less than or equal to 1.51 (person per room)	55,890 (±8%)	2 (±0.2)	1,120,075 (±2%)	5 (±0.1)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

<b>Characteristics</b>	<b>Veteran household</b>		<b>Other household</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
Greater than 1.51 (person per room)	17,590 (±15)	1 (±0.1)	423,085 (±3%)	2 (±0.1)
<b>Housing affordability</b>				
Zero income/no cash rent	234,535 (±3%)	10 (±0.3)	1,892,710 (±1%)	9 (±0.1)
Greater than 0% and less than or equal to 30%	763,640 (±2%)	33 (±0.6)	6,264,690 (±0.9%)	28 (±0.2)
Greater than 30% and less than or equal to 50%	699,470 (±2%)	31 (±0.5)	6,260,495 (±0.9%)	28 (±0.2)
Greater than 50%	585,070 (±3%)	26 (±0.6)	7,595,035 (±0.8%)	35 (±0.2)
<b>Adequacy of housing</b>				
Plumbing and kitchen complete	2,229,455 (±1%)	98 (±0.2)	21,678,730 (±0.5%)	98 (±0.1)
Plumbing or kitchen not complete	53,260 (±7%)	2 (±0.2)	334,205 (±4%)	2 (±0.1)
<b>Total</b>	<b>2,282,720</b> <b>(±1%)</b>	<b>100%</b>	<b>22,012,930</b> <b>(±0.5)</b>	<b>100%</b>

Source: GAO analysis of sample survey data from 2005 ACS.

Note: Totals may not add due to rounding. Margins of error are reported in parentheses.



**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

**Table 8: Number of Veteran Renter Households, by State, 2005**

State	Veteran renter household		
	All income	Low-income	Percentage
Alabama	59,995 (±6%)	32,020 (±9%)	53% (±4)
Alaska	18,000 (±11%)	10,040 (±15%)	56 (±6)
Arizona	93,490 (±7%)	42,920 (±9%)	46 (±3)
Arkansas	49,355 (±7%)	27,550 (±10%)	56 (±4)
California	493,675 (±3%)	236,150 (±4%)	48 (±2)
Colorado	74,200 (±7%)	42,155 (±8%)	57 (±3)
Connecticut	45,475 (±8%)	25,520 (±11%)	56 (±4)
Delaware	10,860 (±15%)	4,885 (±22%)	45 (±7)
District of Columbia	11,870 (±16%)	7,330 (±20%)	62 (±8)
Florida	277,570 (±3%)	119,150 (±5%)	43 (±2)
Georgia	141,195 (±5%)	73,970 (±7%)	52 (±3)
Hawaii	34,725 (±8%)	14,735 (±14%)	42 (±5)
Idaho	25,150 (±9%)	13,155 (±14%)	52 (±5)
Illinois	138,835 (±5%)	85,055 (±6%)	61 (±2)
Indiana	81,250 (±6%)	51,420 (±8%)	63 (±3)
Iowa	37,120 (±8%)	23,055 (±10%)	62 (±3)
Kansas	44,860 (±7%)	25,580 (±9%)	57 (±2)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

State	Veteran renter household		
	All income	Low-income	Percentage
Kentucky	60,040 (±7%)	34,630 (±9%)	58 (±4)
Louisiana	59,350 (±7%)	29,270 (±11%)	49 (±4)
Maine	25,810 (±10%)	14,025 (±14%)	54 (±5)
Maryland	89,965 (±6%)	46,990 (±10%)	52 (±4)
Massachusetts	89,720 (±5%)	53,180 (±9%)	59 (±4)
Michigan	110,000 (±5%)	71,400 (±7%)	65 (±3)
Minnesota	54,200 (±7%)	34,635 (±9%)	64 (±4)
Mississippi	37,275 (±9%)	16,705 (±14%)	45 (±5)
Missouri	91,185 (±6%)	55,170 (±7%)	61 (±2)
Montana	19,355 (±10%)	10,160 (±14%)	52 (±5)
Nebraska	28,710 (±10%)	16,380 (±13%)	57 (±5)
Nevada	59,265 (±7%)	28,445 (±11%)	48 (±4)
New Hampshire	21,695 (±11%)	10,920 (±15%)	50 (±5)
New Jersey	88,205 (±6%)	48,295 (±8%)	55 (±3)
New Mexico	32,015 (±10%)	16,415 (±16%)	51 (±6)
New York	253,320 (±3%)	135,060 (±5%)	53 (±2)
North Carolina	135,660 (±5%)	68,515 (±8%)	51 (±3)
North Dakota	14,190 (±13%)	7,470 (±15%)	53 (±4)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

State	Veteran renter household		
	All income	Low-income	Percentage
Ohio	171,070 (±4%)	104,710 (±5%)	61 (±2)
Oklahoma	64,110 (±7%)	33,925 (±10%)	53 (±4)
Oregon	75,540 (±7%)	44,575 (±9%)	59 (±3)
Pennsylvania	175,275 (±4%)	104,535 (±5%)	60 (±2)
Rhode Island	20,795 (±12%)	12,960 (±15%)	62 (±6)
South Carolina	70,810 (±8%)	37,680 (±10%)	53 (±3)
South Dakota	13,360 (±13%)	8,260 (±18%)	62 (±8)
Tennessee	87,575 (±6%)	47,070 (±8%)	54 (±3)
Texas	302,390 (±3%)	142,150 (±5%)	47 (±2)
Utah	21,300 (±11%)	10,400 (±17%)	49 (±6)
Vermont	9,665 (±14%)	5,955 (±20%)	62 (±9)
Virginia	147,980 (±5%)	60,580 (±7%)	41 (±2)
Washington	127,215 (±4%)	73,795 (±5%)	58 (±2)
West Virginia	24,210 (±10%)	12,895 (±14%)	53 (±5)
Wisconsin	76,880 (±5%)	46,000 (±7%)	60 (±3)
Wyoming	10,705 (±17%)	4,850 (±26%)	45 (±9)
<b>Total</b>	<b>4,306,475</b> <b>(±1%)</b>	<b>2,282,720</b> <b>(±1%)</b>	<b>53%</b> <b>(±0.4)</b>

Source: GAO analysis of sample survey data from 2005 ACS.

Note: Totals may not add due to rounding. Margins of error are reported in parentheses.

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

**Table 9: Number of Low-Income Veteran Renter Households with Moderate or Severe Housing Affordability Problems, by State, 2005**

State	Low-income veteran renter household		
	Total households	Households with an affordability problem	Percentage
Alabama	32,020 (±9%)	14,465 (±6%)	45% (±6)
Alaska	10,040 (±15%)	4,930 (±8%)	49 (±8)
Arizona	42,920 (±9%)	24,610 (±4%)	57 (±4)
Arkansas	27,550 (±10%)	14,375 (±5%)	52 (±5)
California	236,150 (±4%)	160,770 (±2%)	68 (±2)
Colorado	42,155 (±8%)	24,695 (±5%)	59 (±5)
Connecticut	25,520 (±11%)	13,715 (±7%)	54 (±7)
Delaware	4,885 (±22%)	2,595 (±13%)	53 (±13)
District of Columbia	7,330 (±20%)	4,750 (±12%)	65 (±12)
Florida	119,150 (±5%)	76,985 (±3%)	65 (±3)
Georgia	73,970 (±7%)	39,940 (±4%)	54 (±4)
Hawaii	14,735 (±14%)	9,290 (±7%)	63 (±7)
Idaho	13,155 (±14%)	6,285 (±8%)	48 (±8)
Illinois	85,055 (±6%)	43,530 (±3%)	51 (±3)
Indiana	51,420 (±8%)	24,645 (±4%)	48 (±4)
Iowa	23,055 (±10%)	10,565 (±5%)	46 (±5)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

State	Low-income veteran renter household		
	Total households	Households with an affordability problem	Percentage
Kansas	25,580 (±9%)	10,710 (±5%)	42 (±5)
Kentucky	34,630 (±9%)	18,165 (±4%)	52 (±4)
Louisiana	29,270 (±11%)	15,665 (±6%)	54 (±6)
Maine	14,025 (±14%)	8,290 (±7%)	59 (±7)
Maryland	46,990 (±10%)	27,210 (±5%)	58 (±5)
Massachusetts	53,180 (±9%)	30,450 (±5%)	57 (±5)
Michigan	71,400 (±7%)	39,185 (±3%)	55 (±3)
Minnesota	34,635 (±9%)	18,950 (±4%)	55 (±4)
Mississippi	16,705 (±14%)	9,385 (±8%)	56 (±8)
Missouri	55,170 (±7%)	26,525 (±3%)	48 (±3)
Montana	10,160 (±14%)	5,280 (±7%)	52 (±7)
Nebraska	16,380 (±13%)	6,720 (±6%)	41 (±6)
Nevada	28,445 (±11%)	19,920 (±5%)	70 (±5)
New Hampshire	10,920 (±15%)	7,175 (±7%)	66 (±7)
New Jersey	48,295 (±8%)	30,895 (±5%)	64 (±5)
New Mexico	16,415 (±16%)	10,245 (±7%)	62 (±7)
New York	135,060 (±5%)	80,610 (±2%)	60 (±2)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

State	Low-income veteran renter household		
	Total households	Households with an affordability problem	Percentage
North Carolina	68,515 (±8%)	37,805 (±4%)	55 (±4)
North Dakota	7,470 (±15%)	2,745 (±8%)	37 (±8)
Ohio	104,710 (±5%)	53,445 (±2%)	51 (±2)
Oklahoma	33,925 (±10%)	15,850 (±6%)	47 (±6)
Oregon	44,575 (±9%)	26,010 (±4%)	58 (±4)
Pennsylvania	104,535 (±5%)	56,245 (±2%)	54 (±2)
Rhode Island	12,960 (±15%)	6,195 (±7%)	48 (±7)
South Carolina	37,680 (±10%)	19,085 (±6%)	51 (±6)
South Dakota	8,260 (±18%)	3,480 (±7%)	42 (±7)
Tennessee	47,070 (±8%)	24,230 (±5%)	51 (±5)
Texas	142,150 (±5%)	82,100 (±2%)	58 (±2)
Utah	10,400 (±17%)	4,695 (±9%)	45 (±9)
Vermont	5,955 (±20%)	2,955 (±11%)	50 (±11)
Virginia	60,580 (±7%)	37,170 (±3%)	61 (±3)
Washington	73,795 (±5%)	41,870 (±4%)	57 (±4)
West Virginia	12,895 (±14%)	5,765 (±9%)	45 (±9)
Wisconsin	46,000 (±7%)	21,035 (±3%)	46 (±3)

**Appendix II: Demographic and Housing Characteristics of Low-Income Veteran Renters**

State	Low-income veteran renter household		
	Total households	Households with an affordability problem	Percentage
Wyoming	4,850 (±26%)	2,330 (±13%)	48 (±13)
<b>Total</b>	<b>2,282,720</b> (±1%)	<b>1,284,540</b> (±2%)	<b>56%</b> (±0.6%)

Source: GAO analysis of sample survey data from 2005 ACS.

Note: Totals may not add due to rounding. Margins of error are reported in parentheses.

**Table 10: Number of Low-Income Households with Housing Affordability Problems for the 50 Largest Metropolitan Areas, by Veteran Status, 2005**

Metropolitan area	Low-income veteran households			Other low-income households		
	Households	Households with affordability problems	Percentage with affordability problems	Households	Households with affordability problems	Percentage with affordability problems
New York-Northern New Jersey-Long Island, N.Y. N.J., Pa.	101,045 (+6%)	66,445 (+8%)	66% (+3%)	1,755,470 (+1%)	1,245,090 (+2%)	71% (+1%)
Los Angeles-Long Beach-Santa Ana, Calif.	65,430 (+7%)	47,470 (+9%)	73% (+4%)	1,180,325 (+2%)	860,185 (+2%)	73% (+1%)
Chicago-Naperville-Joliet, Ill., Ind., Wisc.	54,935 (+8%)	30,800 (+11%)	56% (+4%)	684,845 (+2%)	444,650 (+3%)	65% (+1%)
Philadelphia-Camden-Wilmington, Pa., N.J., Del., Md.	39,880 (+9%)	25,360 (+12%)	64% (+5%)	393,775 (+3%)	256,235 (+4%)	65% (+2%)
Dallas-Fort Worth-Arlington, Tex.	38,195 (+9%)	21,380 (+11%)	56% (+4%)	472,280 (+3%)	299,270 (+4%)	63% (+2%)
Miami-Fort Lauderdale-Miami Beach, Fla.	22,590 (+12%)	16,505 (+14%)	73% (+6%)	418,220 (+3%)	319,610 (+4%)	76% (+1%)
Washington-Arlington-Alexandria, D.C., Va., Md., W. Va.	33,370 (+10%)	22,305 (+12%)	67% (+5%)	313,055 (+4%)	214,175 (+5%)	68 (+2%)
Houston-Sugar Land-Baytown, Tex.	29,460 (+11%)	18,095 (+14%)	61% (+5%)	424,075 (+3%)	278,560 (+4%)	66% (+1%)
Atlanta-Sandy Springs-Marietta, Ga.	37,870 (+11%)	21,120 (+15%)	56% (+6%)	359,540 (+4%)	226,510 (+5%)	63% (+2%)
Detroit-Warren-Livonia, Mich.	34,320 (+10%)	19,765 (+14%)	58% (+5%)	301,100 (+4%)	188,935 (+5%)	63% (+2%)
Boston-Cambridge-Quincy, Mass., N.H.	31,940 (+10%)	20,010 (+15%)	63% (+6%)	349,135 (+4%)	226,900 (+5%)	65% (+2%)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

Metropolitan area	Low-income veteran households			Other low-income households		
	Households	Households with affordability problems	Percentage with affordability problems	Households	Households with affordability problems	Percentage with affordability problems
San Francisco-Oakland-Fremont, Calif.	35,295 (+9%)	21,510 (+12%)	61% (+5%)	412,435 (+3%)	262,945 (+4%)	64% (+1%)
Phoenix-Mesa-Scottsdale, Ariz.	25,325 (+12%)	14,310 (+15%)	57% (+5%)	254,515 (+ 4%)	166,925 (+5%)	66% (+2%)
Seattle-Tacoma-Bellevue, Wash.	39,040 (+8%)	23,195 (+11%)	59% (+5%)	270,105 (+ 4%)	174,030 (+5%)	64% (+2%)
Minneapolis-St. Paul-Bloomington, Minn., Wisc.	22,075 (+12%)	13,145 (+16%)	60% (+6%)	205,390 (+ 4%)	121,960 (+ 5%)	59% (+2%)
Riverside-San Bernardino-Ontario, Calif.	23,195 (+13%)	17,035 (+15%)	73% (+5%)	216,405 (+5%)	164,785 (+5%)	76% (+2%)
Tampa-St. Petersburg-Clearwater, Fla.	21,665 (+12%)	15,080 (+14%)	70% (+5%)	159,270 (+5%)	113,665 (+6%)	71% (+2%)
St. Louis, Mo., Ill.	22,840 (+12%)	9,520 (+17%)	42% (+5%)	191,425 (+ 5%)	110,530 (+6%)	58% (+2%)
San Diego-Carlsbad-San Marcos, Calif.	31,260 (+11%)	22,475 (+12%)	72% (+5%)	228,360 (+ 4%)	173,340 (+5%)	76% (+2%)
Baltimore-Towson, Md.	25,200 (+13%)	14,840 (+19%)	59% (+8%)	188,695 (+ 5%)	117,990 (+6%)	63% (+3%)
Pittsburgh, Pa.	22,435 (+11%)	11,810 (+15%)	53% (+6%)	168,140 (+4%)	97,170 (+5%)	58% (+2%)
Denver-Aurora, Colo.	21,775 (+12%)	12,095 (+16%)	56% (+6%)	187,520 (+ 5%)	117,435 (+6%)	63% (+2%)
Cleveland-Elyria-Mentor, Ohio	20,525 (+12%)	11,430 (+14%)	56% (+5%)	174,355 (+5%)	108,625 (+6%)	62% (+3%)
Cincinnati-Middletown, Ohio, Ky., Ind.	15,725 (+12%)	8,280 (+17%)	53% (+6%)	164,920 (+5%)	91,485 (+ 6%)	55% (+2%)
Portland-Vancouver-Beaverton, Ore., Wash.	22,525 (+13%)	12,580 (+19%)	56% (+8%)	189,675 (+4%)	121,595 (+5%)	64% (+2%)
Kansas City, Mo., Kans.	16,515 (+11%)	8,220 (+15%)	50% (+5%)	146,070 (+5%)	81,610 (+ 7%)	56% (+3%)
Sacramento-Arden-Arcade-Roseville, Calif.	15,510 (+15%)	10,660 (+19%)	69% (+8%)	153,645 (+5%)	115,140 (+ 6%)	75% (+2%)
Orlando-Kissimmee, Fla.	11,395 (+16%)	7,685 (+19%)	67% (+7%)	138,870 (+5%)	110,575 (+6%)	80% (+2%)



**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

Metropolitan area	Low-income veteran households			Other low-income households		
	Households	Households with affordability problems	Percentage with affordability problems	Households	Households with affordability problems	Percentage with affordability problems
Columbus, Ohio	15,580 (+13%)	8,045 (+18%)	52% (+6%)	147,275 (+5%)	83,515 (+5%)	57% (+2%)
Indianapolis, Ind.	15,260 (+15%)	8,125 (+20%)	53% (+7%)	125,305 (+6%)	74,235 (+8%)	59% (+3%)
San Antonio, Tex.	12,635 (+15%)	8,035 (+20%)	64% (+8%)	121,145 (+6%)	78,325 (+ 8%)	65% (+3%)
Las Vegas-Paradise, Nev.	18,810 (+13%)	13,400 (+16%)	71% (+7%)	126,060 (+6%)	93,890 (+7%)	74% (+3%)
Virginia Beach-Norfolk-Newport News, Va., N.C.	23,225 (+12%)	15,685 (+16%)	68% (+6%)	106,820 (+6%)	73,350 (+ 7%)	69% (+3%)
Providence-New Bedford-Fall River, R.I., Mass.	19,250 (+13%)	9,505 (+20%)	49% (+7%)	149,915 (+5%)	86,480 (+ 7%)	58% (+3%)
Milwaukee-Waukesha-West Allis, Wisc.	13,705 (+14%)	6,735 (+17%)	49% (+4%)	145,415 (+ 5%)	87,700 (+6%)	60% (+2%)
San Jose-Sunnyvale-Santa Clara, Calif.	10,275 (+15%)	5,780 (+21%)	56% (+8%)	144,405 (+ 5%)	93,540 (+ 6%)	65% (+2%)
Charlotte-Gastonia-Concord, N.C., S.C.	14,835 (+19%)	8,735 (+26%)	59% (+11%)	120,755 (+7%)	68,920 (+9%)	57% (+3%)
Nashville-Davidson-Murfreesboro, Tenn.	11,685 (+17%)	5,825 (+26%)	50% (+10%)	118,965 (+6%)	68,520 (+8%)	58% (+3%)
Austin-Round Rock, Tex.	12,085 (+18%)	6,770 (+24%)	56% (+9%)	142,595 (+ 5%)	88,455 (+7%)	62% (+3%)
Jacksonville, Fla.	14,645 (+19%)	8,845 (+22%)	60% (+7%)	79,755 (+ 8%)	53,065 (+ 10%)	67% (+3%)
Louisville, Ky., Ind.	11,975 (+15%)	5,150 (+22%)	43% (+7%)	93,895 (+7%)	53,065 (+9%)	57% (+3%)
New Orleans-Metairie-Kenner, La.	10,060 (+19%)	6,075 (+24%)	60% (+9%)	105,160 (+8%)	68,435 (+9%)	65% (+3%)
Memphis, Tenn., Miss., Ark.	8,990 (+19%)	6,030 (+23%)	67% (+9%)	110,995 (+6%)	75,130 (+8%)	68% (+3%)
Buffalo-Niagara Falls, N.Y.	10,085 (+16%)	5,640 (+20%)	56% (+7%)	98,180 (+7%)	62,350 (+8%)	64% (+3%)
Oklahoma City, Okla.	13,185 (+15%)	6,560 (+24%)	50% (+9%)	94,650 (+6%)	58,225 (+8%)	62% (+3%)

**Appendix II: Demographic and Housing  
Characteristics of Low-Income Veteran  
Renters**

<b>Metropolitan area</b>	<b>Low-income veteran households</b>			<b>Other low-income households</b>		
	<b>Households</b>	<b>Households with affordability problems</b>	<b>Percentage with affordability problems</b>	<b>Households</b>	<b>Households with affordability problems</b>	<b>Percentage with affordability problems</b>
Richmond, Va.	10,025 (+17%)	5,690 (+21%)	57% (+7%)	84,435 (+7%)	47,940 (+9%)	57% (+3%)
Hartford-West Hartford-East Hartford, Conn.	7,980 (+22%)	3,950 (+34%)	49% (+13%)	84,505 (+7%)	49,705 (+9%)	59% (+3%)
Birmingham-Hoover, Ala.	6,260 (+19%)	2,910 (+27%)	46% (+9%)	74,820 (+7%)	42,310 (+ 9%)	57% (+3%)
Rochester, N.Y.	9,075 (+17%)	5,275 (+23%)	58% (+9%)	80,585 (+6%)	54,665 (+8%)	68% (+3%)
Tucson, Ariz.	8,530 (+17%)	5,180 (+21%)	61% (+8%)	71,830 (+7%)	49,270 (+ 8%)	69% (+3%)

Source: GAO analysis of sample survey data from 2005 ACS.

Note: Margins of error are reported in parentheses.

# Appendix III: Information on HUD's Supportive Services Programs Available to Veterans

Historically, Congress has recognized the importance of providing supportive services to veterans who are homeless or at risk of becoming homeless. Most of HUD's rental assistance programs are not required to provide supportive services, with the exception of the Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities programs.<sup>1</sup> However, households participating in HUD's rental assistance programs can receive supportive services, typically through separate programs funded by HUD. Table 11 contains descriptions of these programs.

**Table 11: Description of HUD Supportive Services Programs Available to Veterans**

Dollars in millions

Program	Description	Type of funding	FY 2005 budget authority	Eligible households	Entity receiving funding
Family Self-Sufficiency (FSS)	Provides funding for FSS program coordinators to work with local private and public sources to provide supportive services to tenants to help them obtain employment and achieve economic independence and self-sufficiency. Supportive services most commonly provided include child care, transportation, remedial education, and job training.	Grants	\$46.0	Households living in public housing or receiving housing choice vouchers	Public housing agencies
Multifamily housing service coordinators	Provides funding for service coordinators who assist elderly individuals and persons with disabilities to obtain needed supportive services from community agencies.	Grants, excess income from a property (residual receipts), rent increases	\$50.0	Households with a member who is elderly or has a disability living in HUD project-based housing	Owners of project-based properties
Neighborhood networks	Funding to provide computer and Internet access and job training to tenants.	Grants	\$15.0	Households living in public housing	Public housing agencies
Resident Opportunities and Self-Sufficiency (ROSS)	Funding to provide supportive services to help (1) tenants transition from welfare to work through job training programs and (2) the elderly and persons with disabilities live independently.	Grants	\$53.0	Households living in public housing	PHAs and nonprofits

<sup>1</sup>The two programs—which fund the development of rental housing for very low-income households with members who are elderly or have a disability—require that project sponsors make supportive services available to assisted households.

**Appendix III: Information on HUD's  
Supportive Services Programs Available to  
Veterans**

Dollars in millions

<b>Program</b>	<b>Description</b>	<b>Type of funding</b>	<b>FY 2005 budget authority</b>	<b>Eligible households</b>	<b>Entity receiving funding</b>
Congregate Housing Services	Funding to provide meals and other nonmedical supportive services.	Grants	No new grants since 1995	Households with a member who is elderly or has a disability living in HUD project-based and public housing	State and local governments, PHAs, and nonprofits
Housing Opportunities for Persons with AIDS (HOPWA)	Provides housing assistance and related supportive services to low- income persons with HIV/AIDS and their families.	Grants and formula allocations	\$282.0	Low-income persons with HIV/AIDS and their families	States, cities, and nonprofit organizations

Source: GAO.

# Appendix IV: HUD's Policies on Eligibility and Subsidy Amounts with Respect to Veteran-Specific Income and Benefits

When determining eligibility and subsidy amounts under HUD's rental assistance programs, program administrators generally must calculate a household's adjusted annual income, or gross income, less any exclusions and deductions. HUD's policies and statute provide for 39 different types of income exclusions and 5 deductions.<sup>1</sup> When determining income eligibility and subsidy amounts, HUD generally does not distinguish between income sources that are specific to veterans, such as benefits that VA provides and other types of incomes. As table 12 shows, most types of income sources and benefits that veteran households receive from VA would be excluded by HUD when determining eligibility and subsidy amounts. Excluded income sources and benefits generally relate to payments that veteran households receive under certain economic self-sufficiency programs or nonrecurring payments such as insurance claims. Of the benefits included, most are associated with recurring or regular sources of income, such as disability compensation, pensions, and survivor death benefits.

**Table 12: HUD's Treatment of Veteran Benefits in Determining Household Income and Subsidy Amount**

<b>Veteran income and benefits sources</b>	<b>Included in or excluded from income</b>
<b>Veterans with service-connected disabilities</b>	
Monthly disability compensation (for veterans who have a disability due to an injury or disease incurred or aggravated during active military service)	Included, except for payment received on or after January 1, 1989, from the Agent Orange Settlement Fund
Additional disability compensation for those in need of regular aid and attendance of another person	Included
Living allowance for participating in vocational rehabilitation training	Excluded
Work study allowance for participating in vocational rehabilitation training	Excluded
Combat-related special compensation (offsets the reduction in military retired pay due to the receipt of VA disability compensation)	Included
One-time payment of up to \$11,000 toward purchase of specially adapted automobile or other conveyance	Excluded
Annual clothing allowance (for veteran using prosthetic or orthopedic appliances, or with a skin condition)	Excluded

<sup>1</sup>These deductions include standard amounts for each dependent member of the household or for members who are elderly or have a disability.

**Appendix IV: HUD's Policies on Eligibility and Subsidy Amounts with Respect to Veteran-Specific Income and Benefits**

<b>Veteran income and benefits sources</b>	<b>Included in or excluded from income</b>
<b>Veterans without service-connected disabilities</b>	
Monthly pension (for wartime veterans with low incomes who are permanently and totally disabled or age 65 years and older)	Included
Medal of Honor pension	Included
Payments for the cost of full-time training in college, technical, or vocational school	Excluded
Work-study wages paid to veterans for work they do for VA while attending training in college, technical, or vocational school	Excluded
<b>Life insurance payments</b>	
Veterans' Group Life Insurance (VGLI) (provides renewable 5-year term coverage for veterans who had service members group life insurance at the time they separated from the service and converted that amount of coverage to VGLI)	Excluded
Accelerated death benefits (advanced life insurance payments of up to 50% of coverage to terminally ill policyholders)	Excluded
Service-disabled veterans insurance (up to \$10,000 in life insurance for veterans with service-connected disabilities but who otherwise are in good health. Veterans who are totally disabled may receive additional supplemental coverage of up to \$20,000)	Excluded
Insurance dividends (tax-free dividends paid annually on selected active government life insurance policies)	Included
<b>Health care services</b>	
Inpatient and outpatient medical care in VA facilities (co-pays may apply depending on veterans income)	Excluded
Travel costs to receive medical care	Excluded
Free medical examinations including laboratory and other diagnostic tests	Excluded
Readjustment (helps veterans return to civilian life) and bereavement counseling	Excluded
Prosthetic and sensory aids	Excluded
Special services for blind veterans	Excluded
Mental health care	Excluded
Vocational assistance and therapeutic work opportunities to help veterans live and work in their communities	Excluded
Domiciliary care (for homeless veterans or veterans with medical, mental health, substance abuse, or other health maintenance needs that can be managed in a residential treatment setting)	Excluded
Outpatient dental treatment	Excluded
Outpatient pharmacy services	Excluded
Emergency medical care in non-VA facilities	Excluded
<b>Other benefits</b>	
Burial expenses	Excluded
Weekly unemployment compensation for a limited period of time for veterans who do not begin civilian employment immediately after leaving military service	Included, except for payments received under the Workforce Investment Act of 1998 (29 U.S.C. 2931)

**Appendix IV: HUD's Policies on Eligibility and Subsidy Amounts with Respect to Veteran-Specific Income and Benefits**

<b>Veteran income and benefits sources</b>	<b>Included in or excluded from income</b>
<b>Survivor benefits</b>	
Death pension (monthly payments for low-income surviving spouses and unmarried children of deceased veterans with wartime service)	Included
Military death gratuity payment (one time payment to next of kin of service members who die while on active duty or retirees who die from a service-connected injury within 120 days of retiring)	Excluded
Dependency and indemnity compensation (monthly payment to a surviving spouse, child, or parent of a veteran whose death resulted from a service-related injury or disease)	Included
Payments to surviving spouses and children for the cost of full or part-time training through various sources including colleges, universities, vocational schools, and independent study	Excluded
Work-study wages paid to surviving spouses and children for work they do for VA while attending training	Excluded
Montgomery GI Bill death benefit	Excluded
Allowances for children of Vietnam or Korean veterans born with birth defects	Included, except for allowances paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran
Reimbursement for most medical expenses covered by the Civilian Health and Medical Program of VA	Excluded

Sources: GAO analysis of HUD policies on income exclusions and VA's 2006 *Federal Benefits for Veterans and Dependents*.

# Appendix V: Demographic and Housing Characteristics of HUD-Assisted Low-Income Veteran Renters

**Table 13: Number of HUD-Assisted Veteran Renter Households, by State, 2005**

State	Voucher	Public housing	Project-based	Total
Alabama	1,154	1,786	1,111	4,051
Alaska	514	96	171	781
Arizona	1,211	376	839	2,426
Arkansas	1,453	915	930	3,298
California	13,563	1,674	4,820	20,057
Colorado	1,810	450	1,380	3,640
Connecticut	1,232	603	1,029	2,864
Delaware	181	105	269	555
District of Columbia	547	315	426	1,288
Florida	3,168	1,376	2,428	6,972
Georgia	1,918	1,476	1,419	4,813
Hawaii	707	275	262	1,244
Idaho	537	81	382	1,000
Illinois	3,426	2,211	3,225	8,862
Indiana	2,016	944	1,893	4,853
Iowa	1,529	295	918	2,742
Kansas	730	618	824	2,172
Kentucky	1,807	1,420	1,555	4,782
Louisiana	1,763	965	1,192	3,920
Maine	965	299	748	2,012
Maryland	2,082	564	1,256	3,902
Massachusetts	2,899	1,462	3,019	7,380
Michigan	2,118	1,362	3,452	6,932
Minnesota	2,016	1,426	1,934	5,376
Mississippi	830	690	1,008	2,528
Missouri	2,317	1,177	1,952	5,446
Montana	514	185	527	1,226
Nebraska	461	510	564	1,535
Nevada	802	363	424	1,589
New Hampshire	671	340	525	1,536
New Jersey	2,440	1,514	2,278	6,232
New Mexico	934	277	446	1,657
New York	8,348	7,329	5,341	21,018
North Carolina	3,169	1,756	1,519	6,444
North Dakota	561	137	305	1,003



**Appendix V: Demographic and Housing  
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<b>State</b>	<b>Voucher</b>	<b>Public housing</b>	<b>Project-based</b>	<b>Total</b>
Ohio	5,243	2,765	4,677	<b>12,685</b>
Oklahoma	1,620	1,070	1,239	<b>3,929</b>
Oregon	1,964	270	1,128	<b>3,362</b>
Pennsylvania	4,173	3,017	3,833	<b>11,023</b>
Rhode Island	378	589	1,211	<b>2,178</b>
South Carolina	1,182	677	974	<b>2,833</b>
South Dakota	573	197	544	<b>1,314</b>
Tennessee	1,273	1,980	2,037	<b>5,290</b>
Texas	5,574	2,489	2,878	<b>10,941</b>
Utah	728	142	372	<b>1,242</b>
Vermont	460	91	278	<b>829</b>
Virginia	2,377	925	1,505	<b>4,807</b>
Washington	2,531	478	1,538	<b>4,547</b>
West Virginia	1,119	489	941	<b>2,549</b>
Wisconsin	1,699	799	2,322	<b>4,820</b>
Wyoming	200	64	214	<b>478</b>
<b>Total</b>	<b>101,487</b>	<b>51,414</b>	<b>76,062</b>	<b>228,963</b>

Sources: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem and HUD's Public Housing Information Center and Tenant Rental Assistance Certification System.

Note: Totals exclude Guam, Northern Mariana Islands, Puerto Rico, and the Virgin Islands. Totals do not reflect 23,157 veteran renter households in which state information could not be derived.

**Appendix V: Demographic and Housing  
Characteristics of HUD-Assisted Low-Income  
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**Table 14: Number of HUD-Assisted, Elderly Veteran Renter Households, by State, 2005**

<b>State</b>	<b>Voucher</b>	<b>Public housing</b>	<b>Project-based</b>	<b>Total</b>
Alabama	91	433	499	<b>1,023</b>
Alaska	61	20	57	<b>138</b>
Arizona	174	90	582	<b>846</b>
Arkansas	132	232	425	<b>789</b>
California	3,121	486	3,223	<b>6,830</b>
Colorado	249	151	747	<b>1,147</b>
Connecticut	174	269	671	<b>1,114</b>
Delaware	32	28	148	<b>208</b>
District of Columbia	52	110	227	<b>389</b>
Florida	462	431	1,454	<b>2,347</b>
Georgia	172	331	652	<b>1,155</b>
Hawaii	70	58	117	<b>245</b>
Idaho	72	28	194	<b>294</b>
Illinois	417	664	1,819	<b>2,900</b>
Indiana	215	273	776	<b>1,264</b>
Iowa	234	133	525	<b>892</b>
Kansas	97	212	396	<b>705</b>
Kentucky	190	347	571	<b>1,108</b>
Louisiana	131	190	584	<b>905</b>
Maine	146	124	434	<b>704</b>
Maryland	289	186	678	<b>1,153</b>
Massachusetts	453	636	1,790	<b>2,879</b>
Michigan	322	522	1,785	<b>2,629</b>
Minnesota	278	553	1,060	<b>1,891</b>
Mississippi	68	151	404	<b>623</b>
Missouri	230	374	926	<b>1,530</b>
Montana	76	37	237	<b>350</b>
Nebraska	62	223	328	<b>613</b>
Nevada	254	187	284	<b>725</b>
New Hampshire	185	181	352	<b>718</b>
New Jersey	328	676	1,473	<b>2,477</b>
New Mexico	127	88	209	<b>424</b>
New York	1,375	1,963	2,885	<b>6,223</b>
North Carolina	326	354	720	<b>1,400</b>
North Dakota	99	48	128	<b>275</b>

**Appendix V: Demographic and Housing  
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<b>State</b>	<b>Voucher</b>	<b>Public housing</b>	<b>Project-based</b>	<b>Total</b>
Ohio	527	646	2,139	<b>3,312</b>
Oklahoma	165	319	420	<b>904</b>
Oregon	291	68	648	<b>1,007</b>
Pennsylvania	521	1,081	2,124	<b>3,726</b>
Rhode Island	64	345	703	<b>1,112</b>
South Carolina	135	157	390	<b>682</b>
South Dakota	104	113	214	<b>431</b>
Tennessee	129	477	923	<b>1,529</b>
Texas	712	773	1,352	<b>2,837</b>
Utah	121	68	211	<b>400</b>
Vermont	106	46	166	<b>318</b>
Virginia	227	186	722	<b>1,135</b>
Washington	331	91	812	<b>1,234</b>
West Virginia	96	122	363	<b>581</b>
Wisconsin	264	321	1,214	<b>1,799</b>
Wyoming	50	26	90	<b>166</b>
<b>Total</b>	<b>14,607</b>	<b>15,628</b>	<b>39,851</b>	<b>70,086</b>

Sources: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem and HUD's Public Housing Information Center and Tenant Rental Assistance Certification System.

Note: Totals exclude Guam, Northern Mariana Islands, Puerto Rico, and the Virgin Islands. Totals do not reflect 4,611 veteran renter households in which state information could not be derived.

**Appendix V: Demographic and Housing  
Characteristics of HUD-Assisted Low-Income  
Veteran Renters**

**Table 15: Number of HUD-Assisted, Disabled Veteran Renter Households by State, 2005**

<b>State</b>	<b>Voucher</b>	<b>Public housing</b>	<b>Project-based</b>	<b>Total</b>
Alabama	338	559	383	<b>1,280</b>
Alaska	219	29	66	<b>314</b>
Arizona	482	146	232	<b>860</b>
Arkansas	439	339	283	<b>1,061</b>
California	5,875	771	1,052	<b>7,698</b>
Colorado	912	207	540	<b>1,659</b>
Connecticut	430	239	269	<b>938</b>
Delaware	57	47	92	<b>196</b>
District of Columbia	110	123	102	<b>335</b>
Florida	1,029	642	572	<b>2,243</b>
Georgia	393	459	396	<b>1,248</b>
Hawaii	254	104	77	<b>435</b>
Idaho	252	47	107	<b>406</b>
Illinois	1,122	883	841	<b>2,846</b>
Indiana	749	453	750	<b>1,952</b>
Iowa	589	104	259	<b>952</b>
Kansas	328	271	263	<b>862</b>
Kentucky	694	558	532	<b>1,784</b>
Louisiana	416	248	340	<b>1,004</b>
Maine	535	103	236	<b>874</b>
Maryland	768	248	368	<b>1,384</b>
Massachusetts	1,463	744	813	<b>3,020</b>
Michigan	762	612	1,106	<b>2,480</b>
Minnesota	817	610	555	<b>1,982</b>
Mississippi	203	203	287	<b>693</b>
Missouri	793	516	648	<b>1,957</b>
Montana	230	83	185	<b>498</b>
Nebraska	137	197	154	<b>488</b>
Nevada	391	163	110	<b>664</b>
New Hampshire	338	125	164	<b>627</b>
New Jersey	873	501	516	<b>1,890</b>
New Mexico	349	121	155	<b>625</b>
New York	3,258	2,010	1,317	<b>6,585</b>
North Carolina	1,029	608	430	<b>2,067</b>
North Dakota	184	66	89	<b>339</b>

**Appendix V: Demographic and Housing  
Characteristics of HUD-Assisted Low-Income  
Veteran Renters**

<b>State</b>	<b>Voucher</b>	<b>Public housing</b>	<b>Project-based</b>	<b>Total</b>
Ohio	2,184	1,260	1,670	<b>5,114</b>
Oklahoma	454	489	414	<b>1,357</b>
Oregon	782	98	380	<b>1,260</b>
Pennsylvania	1,487	1,213	1,071	<b>3,771</b>
Rhode Island	179	221	473	<b>873</b>
South Carolina	343	241	219	<b>803</b>
South Dakota	210	83	177	<b>470</b>
Tennessee	497	879	687	<b>2,063</b>
Texas	1,693	849	829	<b>3,371</b>
Utah	345	49	89	<b>483</b>
Vermont	242	35	75	<b>352</b>
Virginia	725	285	381	<b>1,391</b>
Washington	1,150	212	587	<b>1,949</b>
West Virginia	356	180	383	<b>919</b>
Wisconsin	659	382	882	<b>1,923</b>
Wyoming	108	26	61	<b>195</b>
<b>Total</b>	<b>38,232</b>	<b>19,641</b>	<b>22,667</b>	<b>80,540</b>

Sources: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem and HUD's Public Housing Information Center and Tenant Rental Assistance Certification System.

Note: Totals exclude Guam, Northern Mariana Islands, Puerto Rico, and the Virgin Islands. Totals do not reflect 6,769 veteran renter households in which state information could not be derived.

# Appendix VI: Comments from the Department of Housing and Urban Development



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

JUL 31 2007

MEMORANDUM FOR: David G. Wood, Director, Financial Markets and Community Investment

FROM: Milan M. Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs

SUBJECT: GAO Review – Draft Report  
(GAO Review of Rental Housing Information on Low Income Veterans Housing Conditions and Participation in HUD’s Programs) (GAO # 250280)

As requested in your July 14, 2007, email, our comments regarding the subject document are recorded below:

Page 1 of the GAO Audit Review – Draft Report (GAO-07-1012) titled “What GAO Found”, states in paragraph two that HUD policies for its three major rental assistance programs generally do not take veterans status into account when determining eligibility or assistance levels. Also, paragraph two states that the majority of the forty-one largest public housing agencies that administer the voucher or public housing programs have no veteran’s preferences for admission and the thirteen largest performance-based contract administrators that oversee most properties under project-based programs reported that owners generally did not adopt veteran’s preference. Paragraph three goes on to say that in fiscal year 2005, an estimated eleven percent of all eligible low-income veteran households (about 250,000) received assistance.

HUD objects to the characterization that policies for its three major rental assistance programs generally do not take veterans status into account when determining eligibility or assistance levels. The use of the federal selection preferences were temporarily suspended in FY 1996 and then permanently repealed with the enactment of the Quality Housing and Work Responsibility Act. Therefore, HUD cannot mandate that a PHA establish any particular type of preference for their Housing Choice Voucher (HCV) Program, however, veterans who meet income and other eligibility requirements can receive assistance. PHAs, in their Housing Choice Voucher Administrative Plan, may choose to establish a preference for veterans and only in this instance is a PHA required to document veteran status information. Since most PHAs do not have a preference category for veterans, it is difficult to accurately discern the number of veterans assisted under the HCV program. HCV program participants may have veteran status but entered the program under a different preference category (for example, an elderly or disabled preference) or under no preference category at all. The report does acknowledge on page 12 that, of the households with veterans, a significant proportion reported that the veteran was *elderly* or *disabled* which are two of the commonly used preferences chosen by most PHAs.

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**Appendix VI: Comments from the  
Department of Housing and Urban  
Development**

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Also, we note there is a lack of complete information on all veterans from data obtained through the Veterans Administration (VA), (see Page 41 of the Draft Report). For example, social security numbers, which were used to match VA and HUD data, may not have been available for all veterans who served in the 1970's or earlier. Again, this would ultimately affect the estimated count of 250,000 veterans who received assistance through HUD programs in 2005.

Paragraph two of Page 1 of the report states that HUD generally does not distinguish between income that is specific to veterans, such as veterans-provided benefits and other sources of income. Under HUD regulations at 5.609, VA benefits are considered income to the person. However, HUD does exclude many types of benefits that may assist veterans, such as payments for training and education and health care services. These exclusions would in fact benefit the veteran by lowering his/her annual income, which in turn, would lower the total tenant payment amount required by HUD. In addition to the above mentioned exclusions, HUD regulations at 24 CFR 5.609 also allows for the exclusion of special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

The Report's scope and methodology gives detailed information as to where and how the data for this report was gathered. PIH's PIC database system was matched against data from VA of all living veterans. Specifically, social security numbers, first and last names, and date of birth of the assisted households in PIC were matched against corresponding information of veterans in VA's Beneficiary Identification and Records Location Subsystem. It is unclear from this report whether the methodology included entering the field office location and housing authority for the veterans in the VA database. Without that preliminary information, the search in the PIC database will yield few results.

If you have any questions regarding this draft report and would like to discuss further, please contact Victoria Alston of the Housing Voucher Management and Operations Division at 202-402-4889.

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# Appendix VII: GAO Contact and Staff Acknowledgments

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## GAO Contact

David G. Wood, (202) 512-8678, or [woodd@gao.gov](mailto:woodd@gao.gov)

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## Staff Acknowledgments

In addition to the individual named above, Daniel Garcia-Diaz, Assistant Director; Carl Barden; Michelle Bowsky; Mark H. Egger; Cynthia Grant; John T. McGrail; Marc Molino; Josephine Perez; Carl Ramirez; Barbara Roesmann; and Rose M. Schuville made key contributions to this report.



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